

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, AUGUST 30, 1928



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THE competent insurance man serves you equally well in fair weather or foul.

When things go smoothly, his planning and his counsel are equipping you to pilot your craft through the possible storms ahead.

Should trouble arrive he will prove his mettle by prompt and proper application of a service that will satisfy. He is a man of

action. A practical friend in need. Experienced . . . Capable.

This is the type of insurance man The Employers' Group seeks and finds as its field representative. He is virtually as important in this organization's policy of "the service that satisfies" as the modern,

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This insurance primer gives briefly the why's and wherefores of modern insurance. Your request will place you under no obligation—nor will a representative call unless you so specify.

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Practically every kind of Insurance except Life Insurance

110 MILK STREET

AMERICAN
EMPLOYERS'
INSURANCE COMPANY



THE
EMPLOYERS'
LIABILITY ASSURANCE CORPORATION, LTD.

BOSTON, MASS.

THE
EMPLOYERS'
FIRE INSURANCE COMPANY

There's an Employers' Group Representative in Your Neighborhood

THIS advertisement is a facsimile of that appearing in current issues of the *Atlantic Monthly*, *Harper's*, *Review of Reviews*, *Scribner's*, *World's Work*, and the *Golden Book*—yes, THE EMPLOYERS' GROUP believes in the American Agency system. We believe that such advertising will benefit the insurance business. We believe that it will benefit particularly the representatives of THE EMPLOYERS' GROUP.

We are proud of the growth of our agency force. We are proud of the large number of loyal agents who have been associated with us for many, many years. At the same time we are glad to say that some agency connections are still available for the competent insurance man.

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RELIABILITY

based on a record of satisfactory
service to agents and
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Eagle Fire Company of NEW YORK

Incorporated 1806

75 Maiden Lane, New York

Hart Darlington, President

The Oldest New York Insurance Company

NORWICH UNION INDEMNITY COMPANY

75 Maiden Lane, New York

H. P. Jackson, President

In NORWICH UNION there is strength

COMPANIES



Let's -



tie up with a fast Growing Aggressive Company

THE Union Indemnity Company has set a pace for sound growth and development unequalled even in this day and generation.

Sound underwriting, liberal policies aggressive management and resources adequate to handle the largest contracts, have made this possible.

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The Union Indemnity Company and affiliated companies are one of the strongest multiple line organizations in the country. More than 5,000 Agents from Maine to California and from Canada to the Gulf, write all classes of casualty and surety coverage. These representatives receive all the advantages given by a fast growing aggressive company.

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Union Indemnity Company

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Union Title Guarantee Co., Inc.
La Salle Fire Insurance Company



Northwestern Casualty & Surety Co.
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There is no capital inter-relation between these affiliated companies

Correspondence is invited with progressive agents in territories where we are not represented. Address Agency Department, New Orleans, La.

MODERN facilities for passenger and freight handling are important elements in the maintenance of our business structure.

The vast capital engaged in transportation, and the credit employed in the transaction of business call for protection which insurance alone can supply.

The Red Royal Shield on an insurance policy denotes Security First.



New York Central Building

*From a drawing by Hugh Ferriss.
Courtesy James Stewart & Co., Inc., Builders.*

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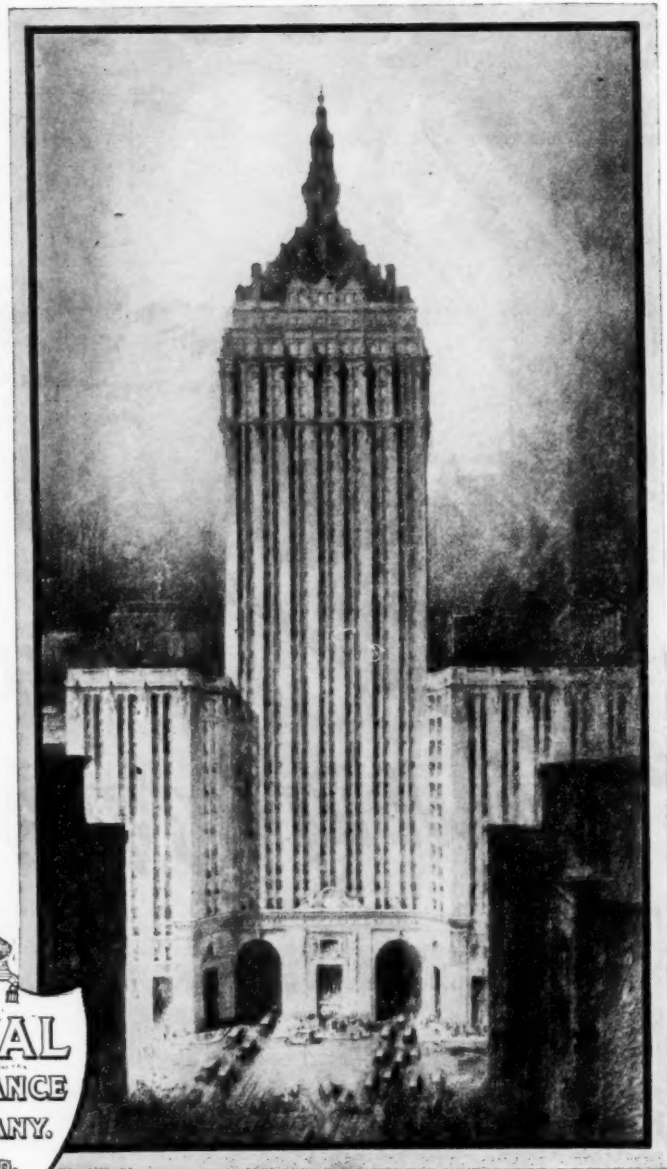
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The National Underwriter

Thirty-Second Year No. 35

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 30, 1928

\$4.00 Per Year, 20 Cents a Copy

TAGGART OUTLINES HIS PLANS FOR THE YEAR

Pennsylvania Commissioner Makes Frank Talk to Agents' Association

PROMISES CLEANUP DRIVE

In Earnest in His Efforts to Bring Agents and Companies on Qualified, Ethical Basis

HAZLETON, PA., Aug. 29.—In a very frank talk to the local agents of the state, gathered here last week for the annual convention of the Pennsylvania Association of Insurance Agents, Col. Matthew H. Taggart, state insurance commissioner, reviewed his work of the past year and outlined his plans for the coming year, pointing to several items of importance and interest to the agents throughout the state. From his expressed views, it is evident that Mr. Taggart is in earnest in cleaning up the business in Pennsylvania and both agents and companies will be brought to task for any violations of laws or rules and regulations. He expressed the opinion that it will not be long before the entire agency force of the state will be on a qualified, licensed basis and the companies will be acting in complete accord with the law in spirit and in fact.

End Rate Differential

Of special interest was the colonel's expression of opinion on some of the matters that have troubled and aggravated insurance agents of Pennsylvania in recent years. His first pronouncement was that he is now seeking a means of removing the rate differential between the state compensation fund and the casualty companies, expecting to effect this during the coming twelve months, if possible. His statement that he believed this differential should be removed and that he would do all within his power to remove it was enthusiastically received by the agents present, as by Edson S. Lott, president of the United States Casualty, who was also present.

Stop Non-assessable Policy

Another item of special interest from a competitive standpoint was the colonel's statement that he would do all within his power to end the writing of the non-assessable policies by reciprocals. Mr. Taggart stated that he believed the issuance of policies with limited liability by these concerns is a practice that should be ended and he has consulted the attorney-general on it. He believes the attorney-general will provide the way to stop this practice and that also he hopes to effect during the coming year. Reciprocal competition has been rapidly decreasing throughout the state and this ruling would reduce it to a minimum, so that

CHICAGO BOARD PLAN IS GAINING IN FAVOR

FEW OPPONENTS ARE FOUND

Unless Action Be Taken, It Is Agreed the Conditions Will Become More Chaotic

The report of the joint committee of the Chicago Board, Western Union and Western Insurance Bureau on the regulation of Chicago and Cook county business is meeting with a very favorable reception. A meeting of the Chicago Board will be held Sept. 6 and the matter will come up formally for discussion. In the meantime Class 1 agents have held two informal sessions to go over the subject. The committee has met almost every problem that was presented. The present committee has done a magnificent piece of work but it is big enough to acknowledge that it owes a large part of its success to the onerous and conscientious labor of the previous committee which really thrashed over the subject so well that the present committee was able to do constructive work. The ground had been very well cultivated by the previous joint committee.

Hope Support Will Be Strong

Most of the company men and agents feel that unless the present program is adopted it will be useless to try to do anything further in Chicago. The situation has been going from bad to worse, rules are being violated and excess commissions paid. The program that is presented by the joint committee is an effort to bring order out of chaos. The main opposition seems to come from a few local agents and companies that object to regulating the commissions of Class 1 agents. Some object to the open contingent commission plan. Others object to the fact that full time brokers are to be paid the same as Class 2 agents. A number of western managers that will be more or less affected by the program are in favor of it and are willing to make sacrifice for the good of the business.

Secures Favorable Attention

There are a number of agents and companies that have arrangements that will be affected by this new program. Naturally everyone dislikes very much to give up sources of income. The plea is made however that everybody must make some sacrifice if Chicago conditions are to be improved. As time goes on and Class 1 members study the program more fully they seem to take the position that it should be adopted.

the agents were again enthusiastic in their reception of the announcement.

Another subject that has been troublesome, particularly in the past year, has been the matter of group insurance on automobiles. The Pennsylvania Association of Insurance Agents succeeded after much trouble, in stopping a plan whereby all employees of the United States Steel Corporation were to be granted their automobile insurance under a group plan at a reduced rate. The trouble was not entirely eliminated, however, and Mr. Taggart promised the

LOCAL AGENTS OBJECT TO MUTUAL ALLIANCE

CALL FOR SHOWING OF HANDS

Declare Stock Companies Can Not Consistently Reinsure the Business of Participating Concerns

A number of local agents that have objected to the practice of some stock companies doing an agency business reinsuring mutuals and reciprocals are anxious that the subject be thoroughly aired at the West Baden annual meeting of the National Association of Insurance Agents. It is known that some companies have persisted in this practice. Local agents claim that it is entirely inconsistent. The companies expect agents to secure the business through the regular channels at regular rates and yet will take business from mutuals and reciprocals which has been gotten in competition with the agents.

Giberson Makes Investigation

J. A. Giberson of Alton, Ill., a member of the national executive committee, some years ago made an investigation of the subject from the annual reports filed with the Illinois department. At that time some interesting disclosures were made. It is understood that Mr. Giberson has been making a further research and has secured some valuable information. Members of the National association that feel that the companies are unjust in this respect are insisting that the names of these companies be made public so that the local agents of the country may decide for themselves whether the stock companies are acting in good faith.

It is understood that some stock companies are taking automobile business especially from reciprocals and mutuals. In the country districts the stock companies have not been able to make the progress they desire in getting automobile risks. In certain sections the reciprocals and mutuals are very active and formidable. The agents have found this competition exceedingly keen and difficult to overcome. They find some of it filtering to stock offices.

May Explode Bombshell

While the National Association of Insurance Agents has never officially established a qualification that any of its members could not represent mutuals and reciprocals, some of the state associations have taken a stand on the subject. They have declared in no uncertain terms that an agent cannot consistently represent the two classes of companies. Confronted with this outside competition the agents have been very much aroused at the report that some of their own companies are taking business from these competitors. It is stated that Mr. Giberson has some material information of great value, which, if exploded might exceed some of the bombs used by Chicago gangsters.

agents in his talk that he would undertake to solve the problem however and as soon as possible. On this also, he

(CONTINUED ON PAGE 16)

EVIDENCE COMING IN ON UNDERGROUNDERS

Reports Made of Policies and Unpaid Losses of Unlicensed Companies

DOUBT OF THEIR ORIGIN

Nothing to Show Any Existence But That Given by Printing Press

Evidence has come in from as far away as New Mexico concerning the operations of the notorious undergrounders who have been flooding the country with circulars on alleged foreign fire insurance companies. With the aid of local agents it may be possible to make a government case for the effective prosecution of the wild-catters.

Special attention should be given to evidence of use of the mails. Envelopes in which policies were received should be preserved with their postage stamps and post office cancellations. Circulars received through the mails should also be preserved with their envelopes.

Unpaid Losses Important

Agents interested in protecting their customers from worthless insurance should in particular notify THE NATIONAL UNDERWRITER of all unpaid losses. The evidence will be turned over to the Insurance Commissioners' Convention or the postal authorities. Failure to pay losses is the connecting link in the proof of intent to defraud. As many unpaid losses as possible should be proved. If there are only a few on which evidence is available, matters can be offered on defense that will tend to explain them and weaken the government case. If, however, a large number are gathered together they will be sufficient to show intent to defraud.

Doubt as to Real Existence

Investigations which have been made fail to indicate as yet that the alleged foreign companies have any real existence. There is nothing but the policies themselves to show what they are or that they represent anything but a printing press and a stock of paper of different colors. However, it would be very difficult to prove that there are no such companies in England, or Germany, or France, or Portugal. The unpaid losses, therefore, are practically necessary to establish fraudulent intent.

More Activity in Chicago

Further activities in Chicago have come to light. Four policies were issued to the Sangamon Paper Grading Co., 1445-53 South Sangamon Street, Chicago, and two to Joseph Cohen and Louis Reinschreiber, 1061-1065 Frank Street, Chicago. These policies were issued in June and July of this year.

(CONTINUED ON PAGE 16)

PROGRAM ANNOUNCED FOR COMMISSIONERS

Important Topics to Be Considered by Supervising Officials at Annual Meeting

PLENTY OF RECREATION

Full Details Regarding Sessions to Be Held at Rapid City, S. D., Sept. 24-28 Are Given Out

The completed program for the annual meeting of the National Convention of Insurance Commissioners, to be held at Rapid City, S. D., Sept. 24-28, was given out this week. The discussion of unauthorized insurance, which is to be led by Commissioner Freedy of Wisconsin, is expected to be one of the important features of the meeting. The subject of acquisition cost in life insurance is also expected to receive special attention. The program in detail follows:

Monday, Sept. 24

Motor trip to the northern Black Hills, including visits to Deadwood, Lead, the Homestake mines, Spearfish, and Ice Box Canyons, with trout fry at some outdoor spot along the trip.

Banquet in Evening at Hotel Alex Johnson.

Addresses of Welcome—W. J. Bulow, Governor of South Dakota; L. N. Crill, Secretary of Agriculture of South Dakota.

Response—Charles R. Detrick, California, First Vice-President.

Tuesday, Sept. 25

Meeting called to order by the president.

Call of states.

President's Address—A. S. Caldwell, Tennessee, President.

"Interstate Insurance," C. D. Livingston, Michigan.

Discussion—George H. Thigpen, Alabama, and William R. Baker, Kansas.

"Convention Examinations," D. C. Lewis, South Dakota.

Discussion—Dan C. Boney, North Carolina, and Ben Lowery, Mississippi.

Call of Committees.

Tuesday Afternoon, Pamunkey Ceremonial in Rapid Canyon.

Wednesday, Sept. 26

An all day trip through the Southern Hills, visiting Sylvan Lake, Harney Peak, Mount Coolidge, Rushmore and over the famous Needles Road. A buffalo luncheon will be served at Sylvan Lake and an elk dinner at the Game Lodge Inn, with dancing afterwards.

Thursday, Sept. 27

Communications and Committee Reports.

"Unauthorized Insurance, a Growing Evil," M. A. Freedy, Wisconsin.

Discussion—R. C. Clark, Vermont, and Sam B. King, South Carolina.

"President Day Marine Insurance," James A. Beha, New York.

Discussion—H. O. Fishback, Washington, and Wesley E. Monk, Massachusetts.

Afternoon

"Acquisition Costs of Life Insurance," John R. Dumont, Nebraska.

Discussion—George W. Wells, Jr., Minnesota, and Howard P. Dunham, Connecticut.

"How May Uniformity Laws Be Brought About?" Charles R. Detrick, California.

Discussion—Carville D. Benson, Maryland, and William C. Safford, Ohio.

Friday, Sept. 28

Communications and committee reports.

Election of officers.

Executive session, in which there will be a general discussion of departmental problems.

Adjournment.

TAX APPEAL BOARD'S DECISION IS IMPORTANT

SELF-INSURERS AFFECTED

Ruling Made in Compensation Case Says Funds Reserved for Insurance Are Not Tax Exempt

Advices received from Washington by the Fidelity-Phenix Fire, report a decision of the Federal Board of Tax Appeals that will have a far-reaching effect upon the tax payments of self-insuring corporations, such as E. I. DuPont de Nemours & Co., and certain other large industrials.

It was explained by Lamar Hill, vice-president and general counsel of the Fidelity-Phenix, that while the decision cited involved only a case under the workmen's compensation act of Utah, the application of the decree is national and also affects self-insurers against fire and all other hazards.

"Briefly," said Mr. Hill, "the decision holds that self-insurers can not (as was done in this case) deduct from income as operating expenses such amounts as are set aside in a trust fund for self-indemnifying purposes."

"The board's decision states that the balance remaining in the fund of the Utah company was shown in the balance sheet as an asset, and a corresponding amount as a reserve for insurance. This method of accounting being contrary to court decisions and earlier rulings of the tax board, it was declared that such reserves are not deductible in computing net income. The effect on tax payments is obvious, whereas whatever amounts are paid for insurance premiums are deductible from taxable income."

Word has been received in Richmond, Ind., of the death at Denver of Fred W. Marchand, former resident of Richmond, where he was in the insurance business with the late Benjamin Myrick. The body was taken to Richmond for burial.

FEWER APPLICANTS FOR AGENT'S LICENSES FAIL

PERCENTAGE GROWS SMALLER

Experience of Connecticut Department Is That Training Courses Assist Prospective Salesmen to Pass Tests

Marked decrease in the proportion of unsuccessful applicants for licenses to sell insurance in Connecticut is indicated by the results of the agents' qualifying examinations covering the first seven months of this year, made public by Commissioner Howard P. Dunham. The Connecticut department was one of the first in the country to safeguard the insurance-buying public by requiring that each prospective agent pass an examination as a prerequisite to obtaining a license to sell insurance.

Of the 1,290 applicants examined this year to Aug. 1, the number of failures was 132, or 10.2 percent, as against 17 percent for the corresponding period last year. This decrease in the percentage of failures is attributed to the fact that more companies are training prospective agents at their home offices.

Many of the men who fail to pass the test the first time try again and succeed, some taking the test three or four times. On June 20 last, there were 27,320 licenses to sell insurance in force and 5,892 agents in Connecticut. A man may be licensed as agent for several companies, and may handle more than one type of insurance. Under a new ruling of the department, persons who solicit for firms, partnerships or corporations must have individual licenses, whereas previously they were allowed to operate under the license of an agency.

The questions asked in the test are the result of scientific study. While not necessarily highly technical or difficult, they are designed to cover the essentials which every agent should know for the protection of the public against ignorant misrepresentation of insurance contracts.

CONDENSED NEWS OF THE WEEK

Local agents demand that stock companies reinsuring mutuals and reciprocals be made public. **Page 1**

Further evidence received on operations of "underground" representatives of alleged foreign companies. **Page 1**

Insurance Commissioner Taggart of Pennsylvania outlines his plans for the coming year in address before Pennsylvania agents. **Page 1**

Additional speakers are secured for the annual convention of the National Association of Insurance Agents. **Page 3**

Program is announced for annual meeting of National Convention of Insurance Commissioners. **Page 2**

Pennsylvania Association of Insurance Agents holds its annual meeting at Hazleton. **Page 5**

Federal Board of Tax Appeals rules that funds reserved for self-insurance are not tax exempt. **Page 2**

Number of unsuccessful applicants for agents' licenses in Connecticut decreases. **Page 2**

Minnesota Association of Insurance Agents holds annual meeting. R. M. Thompson reelected president. **Page 3**

R. P. DeVan discusses work of National Association of Insurance Agents in address before Pennsylvania agents. **Page 11**

Advertising plans of National Board are outlined in address by W. W. Ellis. **Page 4**

Insurance Federation of Pennsylvania formulates school insurance plan to be used by agents in combating scheme for state fund. **Page 2**

State Fire Insurance Commissioner T. M. Campbell of Texas is dead. **Page 14**

Annual meeting of the grand nest of the Blue Goose is being held in Montreal. **Page 3**

Many conventions are scheduled for the next few weeks. **Page 4**

Program for the annual meeting of the Iowa Association of Insurance Agents is announced. **Page 22**

H. P. Stellwagen addresses Pennsylvania agents' convention on workmen's compensation. **Page 35**

Companies benefit by modification of government's rules on contract bonds. **Page 36**

Compulsory automobile insurance idea is condemned by Edson S. Lott in address before Pennsylvania agents. **Page 33**

W. H. Highleyman of the Aetna Life tells Missouri agents casualty and surety field is source of great potential revenue. **Page 34**

Casualty company executives report that general agencies are reducing their fields of operation because of inability to handle outside business at present commission rates. **Page 36**

Philadelphia surety agents seek means of preventing London Lloyds from operating in bank field in Pennsylvania. **Page 35**

Roy Lill succeeds W. R. Moony as manager of the Chicago office of the Pennsylvania Surety, Mr. Moony going with Hodgkinson & Durfee of Chicago. **Page 34**

Surety men say local agents have great potential income source in bankers' fidelity bond field. **Page 35**

Politics is playing a prominent part in a decision as to compulsory automobile liability rates in Massachusetts. **Page 33**

SCHOOL INSURANCE PLAN PROMULGATED

Insurance Federation of Pennsylvania Makes Plans to Combat Scheme for State Fund

AGENTS URGED TO ACT

Sixteen-Point Program Prepared for Presentation to Educational Boards for Adoption

To the next Pennsylvania legislature will be presented a proposal for establishing a state fund for the purpose of insuring all public school buildings. The state fund is considered unnecessary by Pennsylvania agents, and especially by the Insurance Federation of Pennsylvania. Therefore the federation has issued to its membership a school insurance plan which the agents are urged to present to school boards all over the state for adoption. The federation points out that under present conditions the public is not properly served in the matter of school insurance, because too much is paid for improper coverage and because great losses are suffered in school fires. The agent always has been placed in a peculiar situation on school insurance, for the reason that if he presented a businesslike plan his motives have been misunderstood and he either has failed to obtain his share of the business or has been forced to resort to politics to obtain it. For the solution of the problem of the school boards and the agents the following plan has been suggested:

1—The board should first decide on one insurance man or a committee to take the entire responsibility of operating this plan. Experience has proved that the one-man plan is best and that as a result every insurance man in the town benefits. All transactions should pass through his hands with the exception of the division of the insurance, and that shall be done by the board.

Prevention Work Needed

2—This insurance man should immediately prepare a complete survey of all the properties and make a report to the board with recommendations to lessen the fire hazards.

3—The insurance man should arrange for similar periodical inspections and rate checkups and should instruct the building managers and, through them, the janitors in the elimination of common fire hazards and the maintenance of fire fighting equipment.

4—The property committee of the board and the insurance representatives should prepare a complete inventory showing insurable values for building and contents.

Schedule Should Be Checked

5—The insurance representative should check up the rate schedule with the underwriters to catch errors and to debate questionable charges.

6—As soon as the values are available the insurance representative should prepare a schedule showing the amount of insurance to be carried on each item. The amount should be at least 80 percent of the insurable value, disregarding the construction of the building.

7—After the amount of insurance is fully decided upon the insurance man should present the budget system, which works as follows:

Let it be assumed that the total amount of insurance is \$5,000,000. The insurance is to be so arranged that one-fifth of it will expire each year. In order to

(CONTINUED ON PAGE 29)

MINNESOTA AGENTS IN ANNUAL MEETING

Vote to Discontinue Plan of Joint
Secretary with Minnesota
Federation

THOMPSON IS REELECTED

Will Serve as President for Another
Year—Resolutions Hit Non-Con-
forming Companies

NEW OFFICERS ELECTED

President—R. M. Thompson, Minne-
apolis (reelected).
Secretary-treasurer—P. H. Ware, Min-
neapolis (reelected).

Executive Secretary—W. S. Gilliam.
Vice-Presidents—A. C. Page, Austin; S.
H. Miller, St. Peter; Ralph W. Johnson,
Virginia; Edmund C. Moulton, Winne-
bag; Charles E. Serfield, Ortonville;
Mrs. C. F. Coleman, Duluth; Richard
Liljeblad, International Falls; C. C.
Strauder, Crookston; B. A. Whitmore,
Montevideo, and E. F. Westrum, Albert
Lea.

Chairman Executive Committee—John
P. McGee, St. Paul.

MINNEAPOLIS, Aug. 29.—The
principal business at the annual meeting
of the Minnesota Association of Insur-
ance Agents centered about the separa-
tion of the joint office of executive sec-
retary of the association and the
Insurance Federation of Minnesota. For
the past seven years this office had been
held by E. A. Sherman, but a separa-
tion was brought about at this meeting.

More than 50 agents were present at
the opening session. Mr. Sherman told
of the success of the recent membership
drive conducted by George W. Scott,
field representative of the National Asso-
ciation of Insurance Agents, and the of-
ficers of the state association. He re-
ported an increase of 85 members
through this drive and a live membership
of 501 at the present time.

Thompson Discusses Rate Raises

J. C. McIntyre of Minneapolis deliv-
ered the welcome address and H. W.
Cheadle of Duluth responded. Follow-
ing this, President Thompson gave his
annual address, in which he stressed the
necessity of organization in the insur-
ance business and what could be accom-
plished through organization. Mr.
Thompson referred to the lack of co-
operation on the part of some com-
panies and agents and the indifference
of the companies in many cases to the
agents. He cited the increase in auto-
mobile rates in December, 1927, by the
casualty companies as well as the recent
raise on dwelling rates in Minnesota.

"It is entirely possible," he said, "that
there is a need for an advance. It is en-
tirely possible that the companies are
losing money on the present rates, but
it is also possible that if a little consid-
eration were shown the public and a
little cooperation asked of the agent, this
matter could have been adjusted without
trouble. In Minnesota virtually half of
the fire insurance premiums are said to
go to the mutuals at a so-called saving
of 25 to 30 percent or more in rate, and
the mutuals are apparently growing
stronger every year. Perhaps the com-
panies would prefer to let the mutuals
write all of the business."

Adopt Separation Plan

Included in the morning session was
the report of the committee on separa-
tion headed by Frank S. Preston of Min-
neapolis, which was adopted. In his re-
port Mr. Preston advocated the naming
of W. S. Gilliam, secretary of the St.

BLUE GOOSE MEETING THIS WEEK AT MONTREAL

GERAGHTY IS IN THE CHAIR

J. Charles Harris Will Be Elevated to
the Position of Most Loyal
Grand Gander

MONTREAL, Oct. 29.—The annual
meeting of the grand nest of the Blue
Goose was started here today with Most
Loyal Grand Gander T. L. Geraghty of
Philadelphia presiding. The annual of-
ficers dinner was held last evening at
which a number of prominent members
of the order outside of the official ranks
were present. J. Charles Harris of San
Francisco, grand supervisor of the flock,
is here as are other grand officers. Mr.
Harris will be elevated to the chief po-
sition in the order at this meeting. One
of the big achievements of the Blue
Goose during the year was the group
life plan made with the American Na-
tional Life of Galveston whereby mem-
bers are able to get life insurance at
wholesale rates. The golf tournament
was held early this week and the dinner
was given last night.

There was much interest in this event.
The delegates and those in attendance
took a boat ride on the St. Lawrence
river this afternoon. The business meet-
ings are filled with interest. The dele-
gates from the various ponds are giving
reports as to conditions in their rank
fields. Grand Welder of the Goose
Quill Paul E. Rudd of Milwaukee, who
after all is the hub around which the
Blue Goose runs, because he is the detail
officer and is probably the best known
man in the grand nest, arrived in good
order to look after the activities of the
meeting.

Paul Insurance Exchange, as executive
secretary-treasurer of the association at
a salary of \$1,500 a year, this change to
go into effect Sept. 1.

Edward F. Flynn, public relations
man for the Great Northern Railroad,
opened the afternoon session with an
address in which he advocated that the
insurance business secure a public rela-
tions man who would explain the insur-
ance business to the people. Public
opinion, he stated, is a very powerful
factor and that the insurance companies
should create public opinion in their fa-
vor much as the railroads have done.

Service to the company, public and
self was stressed by R. F. Lindahl,
deputy insurance commissioner of Min-

CONVENTION TRIP FOR THE COMMISSIONERS

PROVIDE FOR SPECIAL TRAIN

C. C. Wysong of Indiana Is Making
the Arrangements for the Journey
to Rapid City

Commissioner C. C. Wysong of In-
diana, who is in charge of the details for
the special train which will take those
who attend the National Convention of
Insurance Commissioners from Chicago
to Rapid City, S. D., says that the rail-
road officials are cooperating in every
way to provide for the comfort and
pleasure of those who take the special.
The train will leave Chicago Sept. 22,
and arrive at Rapid City early Sept. 24.

From points east and south low ex-
cursion rates have been on sale since
June 1. These rates carry a final return
limit on Oct. 31, and are good on all
regular trains of the Chicago & North
Western out of Chicago as well as for
the convention special. Several optional
routes going to and returning from
Rapid City are also offered for those
who use the C. & N. W.

Among the points from which low
excursion rates are quoted are the fol-
lowing: Akron, O., \$54.35; Atlanta,
\$71.75; Baltimore, \$79.15; Birmingham,
Ala., \$64.30; Boston, \$96.36; Buffalo, N.
Y., \$64.80; Chicago, \$36.65; Cincinnati,
\$51.15; Cleveland, \$54.25; Detroit,
\$50.40; Hartford, \$91.28; Indianapolis,
\$45.30; Louisville, \$53.95; Montreal,
\$85.30; New York, \$87.02; St. Louis,
\$37.70; Kansas City, \$33.50; Omaha,
\$24.65.

Mr. Wysong reports that approxi-
mately 75 reservations have been made
already for the special train from Chi-
cago and from the number of inquiries
being received and the rate at which
reservations are being received he be-
lieves that at least 100 may be expected
to make the trip together. Special fea-
tures of entertainment will be provided.
Those wishing to make reservations
should address Commissioner Clarence
C. Wysong at the state house in Indian-
apolis.

nesota. Mr. Lindahl asked the associa-
tion for its aid in weeding out of the
insurance business agents who are not
capable of handling the business. He
complimented it on its standard of ethics
and stated that the number of agents
who are losing their licenses each year

(CONTINUED ON PAGE 11)

ADDED SPEAKERS FOR THE BIG CONVENTION

National Association of Insurance
Agents Has Fine
Program

IMPORTANT MEN GOTTEN

Schedule of Events Brings Out Ad-
dresses That Will Prove of
Great Value

President Frank J. O'Neill of the
Royal Indemnity- and Eagle Indemnity
Companies and Harry C. Spillman, di-
rector of education for the Remington
Typewriter Company, are two more
speakers of national reputation who will
deliver addresses before the annual con-
vention of the National Association of
Insurance Agents at West Baden
Springs, Ind., Sept. 18-21.

The following speakers from within
the association have been drafted to
complete the well rounded program:

D. J. O'Keeffe of Fort Wayne, Ind.,
chairman of the executive committee of
the Indiana association and regional
vice president of the National associa-
tion, who will lead the discussion on
"The Production of Fidelity and Surety
Business." Maj. C. R. Morgan, presi-
dent of the Charleston, W. Va., Board of
Fire Underwriters, will speak on "The
Agent of Tomorrow." J. Stewart Pearce
of Pearce, Porter & Martin, Tulsa,
Okla., one of the three members of the
National association's better business
methods committee, will talk on "Effi-
cient Agency Management."

Five-Year Development Program

A complete session will be devoted to
the five-year development program, its
several phases to be covered as follows:

"Education of the Agent", George A.
Caldwell, Knoxville, president of the
Tennessee association.

"One Hundred Per Cent Membership
Increase," Charles W. Varney, presi-
dent of the New Hampshire association.
"Reestablished Loyalty", George D.
Markham, St. Louis, past president of
the National association.

"Agency Advertising", Henry G. Mc-
Millan, Knoxville.

"Public Relations", Earl E. Fisk,
Green Bay, Wis., chairman of the Na-
tional association's committee on public
relations and education.

"The Standard Automobile Identifi-
cation Certificate", Lurton H. Stubbs,
Cedar Rapids, Ia.

"Cohesion and Coextensive Member-
ship", Charles L. Gandy, Birmingham,
a member of the National association's
executive committee, and president of
the Alabama Association of Insurance
Agents.

Mr. O'Neill's Career

F. J. O'Neill is a man of powerful
physique, more than six feet tall, with a
stern demeanor which is belied by the
twinkle in his eye. His life sounds like
a story-book. He was born in Manbuis,
N. Y., where St. John's Military Acad-
emy is located. He was just a boy
around town, clerking in various shops,
with no thought of a college education
or future rise to executive heights. The
commandant at St. John's asked the
town boys to organize a football squad
to give the cadets some practice. There
Mr. O'Neill came to the attention of
the school authorities and was given
his chance. Needless to say, he grabbed
it—completed his work at the acad-
emy, then went to Williams, where he
tutored in mathematics, successfully
earning his own way through college.

(CONTINUED ON PAGE 10)

REELECTED BY MINNESOTA ASSOCIATION



R. M. THOMPSON, Minneapolis
President



P. H. WARE, Minneapolis
Secretary-Treasurer

NATIONAL BOARD AD PLAN IS OUTLINED

AGENTS' COOPERATION URGED

W. W. Ellis Presents Program To
Pennsylvania Agents, To Be
Started Next Month

HAZLETON, PA., Aug. 29.—Outlining the new advertising plan of the National Board, to be instituted next month in four states, including Pennsylvania, on an experimental basis, W. W. Ellis, assistant to the general manager of the National Board, spoke before the annual meeting of the Pennsylvania Association of Insurance Agents, in session here last week, in part as follows:

"The member companies of the National Board have realized for several years that the public did not thoroughly understand the stock fire insurance business. While this was generally known, it became more definite during the study made in the last few months by the department of public relations of the National Board.

To Reach Public

"With the cooperation of 500 special agents the exact questions asked by the public were tabulated. When a problem has been analyzed to this point, it is quite simple to find the solution. Every question could be answered clearly and concisely by fire insurance men, but to reach the public in a personal way with a discussion of our business would require a considerable expenditure of time and money on the part of the companies and the agents.

"In the last few years the advertising columns of our newspapers have assumed almost the same importance as the editorial columns in public educational movements and now it is possible for an industry such as stock fire insurance to explain any fundamental principles of the business and its place in modern economics by advertising.

Four States Chosen

"Four states have been chosen to determine the effectiveness of newspaper advertising in educating the public about our business. Pennsylvania was one of the states chosen largely because it was near a large insurance center where the work could be observed. For the same reason, a southern state and two middle western states were chosen.

"It is the plan of the public relations committee of the National Board to run an advertisement once each week in every daily paper in Pennsylvania. By next spring, it is hoped the public will have become interested in the simple messages with which we hope to explain the fire insurance business and the agents will have been able to sense a better public understanding of the business.

Is Up to Agent

"Educational advertising, like any other kind of advertising, is only a part of the work. Without the cooperation of company representatives, local agents and everyone interested, our newspaper messages, regardless of how well written they may be, would fall far short of the mark we hope to reach. Every agent can make this campaign his campaign, by carrying on the work of explanation in every public contact until it has become quite impossible for anyone to misunderstand the basic principles upon which the stock fire insurance industry is based. Beyond the mere financial protection afforded for property, our business has a most important place in economics. There are many details of our work so well known to ourselves they have become more or less commonplace, but they would be of great interest to the public.

"From time to time specific suggestions will be made to the agents of Pennsylvania about how they can co-

SEMI-ANNUAL STATEMENTS—FIRE COMPANIES

(As Reported to the Governor of Georgia)

	June 30, 1928	Jan. 1 to June 30, 1928
	Assets	Income Disbursements
Aetna	\$4,577,353	\$16,367,022
American Druggists	1,848,394	1,085,072
American Eagle	13,643,682	4,102,404
Automobile	20,309,642	5,110,089
Baltimore American	7,668,136	4,151,670
Berkshire Mutual	700,284	176,973
British America	3,458,849	1,339,249
Buffalo	5,768,108	1,750,354
City of New York	6,434,603	1,951,454
Columbian National	1,747,861	178,719
Federal Union	2,315,525	467,914
Fire Association	23,104,111	7,239,173
Fireman's Fund	33,406,088	7,723,314
Fidelity-Phenix	65,478,783	23,193,269
Fidelity Union	1,464,963	279,029
Firemens, N. J.	39,362,455	12,038,379
Franklin Fire	12,381,941	3,637,513
General Exchange	12,299,979	3,637,513
Glens Falls	20,752,374	5,518,488
Home of New York	96,300,766	25,799,243
Homestead	1,418,050	437,948
Liverpool & London & Globe	19,190,699	5,282,561
Maryland	2,549,748	1,056,275
Mercantile	6,694,392	2,069,093
Mechanics	4,848,250	1,564,283
Merchants, N. Y.	12,691,395	4,996,199
Merchants, R. I.	2,488,267	371,938
National, Conn.	44,837,519	15,699,451
National-Ben Franklin	4,975,912	1,566,894
National Liberty	32,410,676	18,758,100
Niagara Fire	27,256,282	8,768,923
Pacific	6,380,572	1,746,787
Patriotic	1,824,310	604,609
People's National	5,163,706	1,263,514
Richmond	3,309,221	1,150,362
Royal Exchange	5,407,557	1,715,709
Star of America	4,980,166	1,439,368
Union of Paris	2,142,339	570,854
United States Fire	33,702,373	11,853,991
World Auxiliary	631,446	616,494
World F. & M.	3,210,949	746,884

APPEALS CASE ON POLICY REFORMATION

The Great American is appealing to the United States Supreme Court a case of great importance to insurance companies. The company was defendant in an action on a policy. The policy by its terms did not cover the loss, but the claimant demanded that the policy be reformed to express the alleged contract. Under all the rules of law a demand for the reformation of a contract is an action in equity, while a demand on an express contract is an action at law. The difference is that an action in equity is tried before the judge alone, while an action at law is tried before a jury. The Circuit Court of Appeals on appeal ruled that the trial judge was in error in allowing a reformation of the contract in an action at law, but further held that the error was not so material as to require reversal.

With the well known tendency of juries to decide all questions against insurance companies, the erroneous ruling if allowed to become a precedent would open the door to great injustice. The case is that of Great American vs. Johnson & Parks.

Insurance Club Opening

The Insurance Club of Chicago will hold its opening fall meeting at the club rooms in the Great Northern hotel, Thursday evening, Sept. 6. Many interesting activities are to be announced and other important business will be discussed. Dinner will be served at 6:30 p. m. Following the meeting a stag theater party will be held. Prospective members may attend at the invitation of a club member. Regular notices will be mailed and an early response should be made, as a limited number of theater tickets are reserved.

operate in this effort. The department will appreciate suggestions and examples that will aid the work. It is your story that will be told, just as it is the story of all stock fire insurance. You will reap the benefit in the same proportion as the whole business reaps a benefit from a better understanding, a more complete understanding on the part of the public. Naturally, the business of stock fire insurance will be in a position to serve the public even better when the service it renders is completely understood."

NEW ENGLAND AGENTS' MEETINGS SCHEDULED

The annual meeting of the Vermont Association of Insurance Agents will be held at the Vermont Country Club in Rutland the afternoon and evening of Thursday, Oct. 11. There will be a golf tournament in the morning with a business session in the afternoon and banquet in the evening. Special agents of the territory are specially invited.

The Maine Association of Insurance Agents will hold its annual meeting and dinner at the Penobscot Valley Country Club in Bangor, Me., Sept. 25. There will be a business meeting in the afternoon and dinner at night with speaking by several prominent guests.

R. L. Tanner Is Bereaved

R. L. Tanner of New York, secretary of the New York Underwriters, and Mrs. Tanner are greatly bereaved at the death of their daughter, Marcia Templeton Tanner, nine years old, who died Sunday morning at the Rockford, Ill., Hospital from peritonitis following an operation for appendicitis. She was born in Chicago April 9, 1919. The little girl was on a visit to her grandmother, Mrs. Marion Hoverson, at Durand, Ill., when taken ill. Besides her parents she is survived by three sisters. The funeral services were held at Westfield, N. J., where the Tanners reside.

Janisch Takes New Post

Harold P. Janisch, who recently resigned as manager of the American Mutual Alliance, has accepted a position as vice-president of the National Shawmut Bank of Boston and general manager of the Devonshire Financial & Service Corporation. He takes up his new duties Sept. 1.

Howell Chosen Chairman

Charles M. Howell of Kansas City, prominent attorney for reciprocals and well known in Missouri insurance circles, has been chosen by Missouri Democratic state candidates to serve as chairman of the party's executive committee with recommendations that he be elected chairman of the state Democratic committee when it meets Sept. 11. Mr. Howell is a law partner of United States Senator James A. Reed.

MANY CONVENTIONS ARE SCHEDULED THIS FALL

MAJOR MEETINGS ARE LISTED

Grand Nest of the Blue Goose Started
Ball Rolling at Montreal
This Week

The big convention season has started and from now on until the first of November there will be many meetings. The major conventions will be in September and early in October. The Ancient and Honorable Order of the Blue Goose, the big fire insurance social organization, started the ball rolling at Montreal this week. The Health & Accident Underwriters Conference will meet in Chicago, Sept. 5, for a three days' session. The International Claim Association will hold its annual meeting at Old Point Comfort, Va., Sept. 10-12. The National Association of Life Underwriters, which has one of the biggest conventions of the year, will have its annual meeting at Detroit, Sept. 12-14. The next week the National Association of Insurance Agents will have its annual convention at West Baden Springs, Ind.

The Western Union will hold its annual meeting at Manchester, Vt., Sept. 18-19. The Association of Superintendents of Insurance of the Canadian Provinces will meet Sept. 19 at Regina, Sask. The National Convention of Insurance Commissioners will hold its annual meeting at Rapid City, S. D., starting Sept. 24. The Insurance Advertising Conference will start its three days meeting at Washington, D. C., Oct. 1. On Oct. 1 the National Association of Mutual Insurance Companies will open its annual convention at Milwaukee.

The National Safety Council will hold its annual congress in New York City, Oct. 1. During the first week in October will occur the big casualty convention at White Sulphur Springs, it being the annual meeting of the International Association of Casualty & Surety Underwriters and the National Association of Casualty and Surety Agents.

Other Conventions Scheduled

The Western Insurance Bureau will meet at Old Point Comfort, Oct. 3-5. The American Life Convention, composed largely of the newer companies, will have its annual convention at St. Louis, Oct. 12-18. The Life Office Management Association will meet in Chicago, Sept. 27-29. The Association of Life Agency Officers will meet in Chicago Oct. 29-31. The Industrial Insurers Conference, consisting of companies writing weekly payment health and accident insurance, will meet at Asheville, N. C., Oct. 17-19. The Actuarial Society of America will meet in Philadelphia Oct. 18-19.

Some of the state organizations will also meet during the forthcoming week. The Iowa Association of Insurance Agents will hold its annual meeting at Cedar Falls, Sept. 10-11. The Michigan Association of Insurance Agents will follow, Sept. 12-13, having its annual meeting at Muskegon. Kentucky Insurance Day will be held at Louisville Sept. 12. The Missouri Association of Insurance Agents will meet at St. Louis, Sept. 13-14. The Indiana Association of Insurance Agents will hold its meeting at West Baden, Sept. 17-18. The South Dakota Association of Insurance Agents will meet at Rapid City, Sept. 25. The New Hampshire Association of Insurance Agents will meet at Manchester Oct. 10. The Wisconsin Association of Insurance Agents will meet at Oshkosh Oct. 11-12. The Kansas Association of Insurance Agents will meet at Pittsburg, Oct. 18-19.

Wisconsin Insurance Day will be celebrated Oct. 24 at Milwaukee. The

(CONTINUED ON NEXT PAGE)

PENNSYLVANIA AGENTS LAUNCH BIG PROGRAM

Important Action Take at Annual
Meeting Last Week in
Hazleton

GALLAND NOW PRESIDENT

Full Time Secretary to Be Secured and
Membership Drive to Be
Launched

OFFICERS ELECTED

President—Abram S. Galland, Wilkes-Barre.
Vice-Presidents—W. L. Clark, Pittsburg; G. W. Mattson, Harrisburg.
Secretary—John S. Burwell, Scranton.
Treasurer—Fred V. Rockey, Harrisburg.
Editor of "Pennsylvanian" — Mr. Rockey.

Directors—H. E. McKelvey, Pittsburgh; Henry Schmid, Wilkes-Barre; George H. Burns, Jr., Kittanning; Henry Dryfoos, Jr., Hazleton; W. S. Diggs, Pittsburgh; R. L. Rodgers, Erie; Kenneth H. Blair, Greensburg; W. R. Roberts, Bethlehem; Joseph W. Barr, Oil City; W. W. Multer, Wilkes-Barre; T. Chester Parsons, Altoona; James Levell, Scranton; C. M. Bender, Towanda; J. G. Jenkins, McKeesport; John C. McCarthy, Pittsburgh.

BY CHESTER C. NASH, JR.

HAZLETON, PA., Aug. 29.—Important forward steps were taken at the annual convention of the Pennsylvania Association of Insurance Agents here last week, promising to put this organization in the fore among state units and consolidate the agency ranks throughout the state with a united front. The two-day session was one of the most live meetings ever held and signified a repetition of the spirit of six years ago which marked its rebirth after lying dormant for many years. With the action taken at last week's convention, the association will now proceed with a full-time field secretary and an immediate result will be a drive for at least 1,500 members instead of the present membership of 500.

Galland Is President

To aid in the plans for intensive cultivation of the state, some additions were made to the official staff, a vice-president being added in addition to the new office of field secretary which will shortly be filled. Abram Galland, who led the membership drive of the past month, adding 60 new members and several new local boards, was elected president to succeed G. W. Mattson. The latter, however, is not lost to the official group, being named a vice-president in addition to W. L. Clark who was reelected vice-president. John S. Burwell was reelected secretary and Fred V. Rockey was reelected treasurer. In addition, Mr. Rockey was elected editor of the "Pennsylvanian", the able monthly publication of the association which John A. Dalzell has edited for six years. Mr. Dalzell, a former president, founded the paper and has edited it to date, but has found it necessary to give up the work.

Resolutions Adopted

The association went on record on a number of important matters at this convention, in addition to working out plans for future progress, resolutions being adopted along several lines. It endorsed Commissioner Taggart's ruling requiring written examination of agents as a prerequisite to the granting of a license. It adopted a strong resolution condemning the existence of non-policy-writing agents, urging the elimination of all but the two distinct classes, agents

and brokers. Another resolution urged a single rating bureau for Pennsylvania as best conserving the interests of all concerned, especially the insuring public. Extension of credit was condemned by another resolution and Col. Taggart's suggestion that fire and casualty should go on the cash basis of life insurance was upheld. The plan of the National Bureau of Casualty & Surety Underwriters for equitable rating of small compensation risks was endorsed and it was agreed to recommend its adoption to the insurance department, with all agents standing back of it.

To Have Field Secretary

Probably the most important single accomplishment of this year's convention was the completion of the \$5,000 guarantee fund for the appointment of a field secretary, so that now the association can go forward under definite organization. During the past month 60 new members were added and the membership was brought up to over 500, but it was pointed out by several speakers, including Commissioner Taggart, who was present, that this should be the starting point for a membership of 1,500 or more. With a field secretary in charge this will be possible, as will the creation of local boards in all likely communities. It is also hoped, particularly in view of a growing community of interest, that the Philadelphia agents may be persuaded to join with this state organization and permit it to stand as truly representative of the agents of the state. There are 40,000 agents in the state, but only 12,000 are fire and casualty, so that a body of 1,500 would be able to express the reactions of the field and have a voice in state affairs insurance wise. R. P. DeVan, chairman of the executive committee of the National association, was present also and commended the association for its forward step which promises to put it in the lead among state bodies throughout the country.

Opened by Dreyfoos

The convention was opened last Thursday morning by Henry Dreyfoos, Jr., president of the Hazleton Board, and after a welcome by Henry K. Markman of Hazleton and a response by R. L. Rodgers of Erie, the meeting was turned over to Gilbert W. Mattson of Harrisburg, president of the state association. Mr. Mattson reviewed the progress of the year and certain achievements that would be desirable for accomplishment during the coming year, notably the more intensive cultivation of the state under a field secretary. The effectiveness of association work was illustrated in his talk by the year's accomplishments on the three major difficulties encountered during the year. The effecting of the 10-day cancellation notice as a result of the Public Service Commission case, the court ruling against insuring public buildings in mutuals—though now going on appeal to the higher court by the mutuals—and the elimination of the group writing of automobiles of U. S. Steel employees by Marsh & McLennan, all were the result of association effort.

Reports Were Made

Routine reports followed, John A. Dalzell reporting on the "Pennsylvanian" and giving a notable review of the past six years which showed in a striking way the work of the association in the years since its reorganization. Fred V. Rockey gave the treasurer's report, showing a strong financial condition, but urging a field secretary that the membership would bring in an income to carry the organization above the margin of safety. John S. Burwell, secretary for many years and reelected to that post again this year, gave a brief report of the year's activities, pointing particularly to the need for local boards throughout the state for more effective work. T. Chester Parsons, chairman of the fire prevention committee, reviewed his committee's work, urging greater cooperation on the part of agents and local boards with their local

chambers of commerce, fire prevention being a valuable medium. The final report was by A. S. Galland, chairman of the membership committee, who led the drive during the past month. He said that in this month's campaign 60 members had been added and several new local boards formed and that the work is to be renewed in October, when the field secretary of the National association, C. H. Doescher, will return to aid. It was also said that it is to be hoped the new field secretary of the state association will shortly be able to head up this work and show noteworthy results. The association seeks at least 1,000 new members, in addition to the present total of 500. E. S. Lott, II, grandson of President Edson S. Lott of the United States Casualty, was also present and spoke of the value of a field secretary as he had seen it in practice in Virginia.

Lott Was Speaker

The afternoon session of the first day was opened by a talk on compulsory automobile insurance by Mr. Lott of the United States Casualty, who endorsed the Pennsylvania plan and commended the compulsory plan as effected in Massachusetts. Mr. Lott spoke of the disastrous results under the Massachusetts plan, citing the 157 percent loss ratio of his own company in that state. There was a discussion following his talk, in which the agents sought his views on their problem in Pennsylvania. Mr. Lott urged their support of the bill which was adopted but vetoed at the last session of their own legislature, viewing it as the most efficient of the proposals thus far offered.

Held Executive Session

Following his talk, the association went into executive session, completing the plans for the acquisition of a field secretary and outlining legislative work for the coming season. W. W. Ellis of the National Board also presented the advertising plan of his organization which is to be instituted next month in Pennsylvania and three other states. During the session, H. E. McKelvey of Pittsburgh, in charge of the guarantee fund for a field secretary, took charge of the meeting and completed the loan to make up the total of \$5,000. At a previous meeting a large sum had been pledged and half of it collected, but in a half hour at this session, Mr. McKelvey completed the total and now it is assured that a field secretary will be added very soon.

The annual banquet was held the first evening, with John H. Bigelow, local attorney, as toastmaster. Brief talks were given by the mayor of Hazleton, R. P. DeVan, chairman of the executive committee of the National association, Edson S. Lott, president of the United States Casualty, H. P. Stellwagen, secretary of the National Bureau of Casualty & Surety Underwriters, Col. Matthew H. Taggart of the insurance department, and R. L. Rodgers, local agent at Erie and humorist worthy of the famous Rogers of Beverly Hills. These speakers talked in the lighter vein, though Col. Taggart took this occasion to review his work of the past year and give a frank and interesting outline of some of his plans for the future.

Stellwagen Was Heard

The closing session on Friday was opened by a talk on compensation insurance by H. P. Stellwagen, who explained the stock casualty companies' stand on compensation rating. He showed the inadequacy of small risk rates as existing and the unfair treatment accorded all premium payers under this plan. He urged all agents to support the companies in their endeavor to right these practices and this support was granted in the form of a resolution putting the agents on record in its favor.

R. P. DeVan then spoke on "Our National Association," outlining the work of the national body and showing its importance to the individual in the business. He commended the Pennsylvania

agents on their achievements and future prospects and urged their increased support and cooperation with the national work. So enthusiastically was he received that he was hailed as the next National association president.

Dalzell Submits Report

John A. Dalzell, editor of the "Pennsylvanian," organ of the Pennsylvania association, read a report in which he recounted the work the paper has done for the association membership. He said that one of the first articles in the "Pennsylvanian" was directed toward elimination of so-called "underwriters agencies," and that the companies were advised to discontinue all such agencies. "Fortunately," the report said, "a number of prominent companies incorporated their underwriters, and it is hoped that in time other companies will follow this procedure."

With reference to agency qualification legislation, the report said that more strict laws are necessary for qualifying all companies applying for admission to Pennsylvania, and that the resident agents' law should be amended to include all casualty lines and the licensing law should be amended to exclude the licensing of banks, trust companies, finance companies, building and loan associations or mortgage companies or any of their officers as agents. The report commended the writing of business by special agents in competition with local agents and brokers. "The companies are aware that they are not playing fair with their local agents when they permit one of their special agents to act in this manner," the report said.

Before the conclusion of the convention, three amendments to the constitution were adopted, one adopting the plan of coextensive membership of local boards, one adding another vice-president and one changing the fiscal year to end Sept. 1 for convenience in the collection of dues. The election of officers and induction of new officers followed. Mr. Mattson, retiring president, was presented with a handsome 32nd degree Masonic ring and a pair of cuff links, W. S. Diggs making the presentation for the agents. Just before adjournment, Mr. DeVan made a final talk of commendation and praise for the work of this body and the agents dispersed in a spirit of earnest endeavor for the coming year.

MANY CONVENTIONS ARE SCHEDULED THIS FALL

(CONT'D FROM PRECEDING PAGE)

Tennessee Association of Insurance Agents will meet at Chattanooga Oct. 25-26. The Illinois Association of Insurance Agents will hold its annual meeting at Springfield Nov. 1-2. The Vermont Association of Insurance Agents will meet at Rutland, Oct. 11, and the Maine Association of Insurance Agents at Bangor, Sept. 25.

Show Necessity of Insurance

Trying to sell a man a policy he does not want, a kind or sort of protection he does not realize he needs or should have, is hard, discouraging, up-hill work. But if we can get to the man and without suggesting or saying a word about insurance, lead him to talk about his business until some condition is uncovered where insurance is obviously necessary, we can build up a realization of the necessity and then the desirability of insurance follows in line as naturally as hunger leads to a demand for dinner.—The Hartford Agent.

New England Blue Goose

BOSTON, Aug. 29.—The New England Blue Goose will have a dinner and meeting here Sept. 5. At this time the pond will entertain two officers of the grand nest, Grand Wielder of the Goose Quill Paul E. Rudd of Milwaukee, Wis., and Grand Supervisor of the Flock J. Charles Harris of San Francisco. There will be special reports on the grand nest meeting in Montreal. Special agents in Massachusetts are invited to the dinner and meeting.



CYCLONES have no pet landing fields. Tornadoes do not respect State Rights. The map shows where our agents are telling about Windstorm Insurance—all over the United States.

Large cities, suburban residential sections, isolated farm tracts—the danger is the same all over. At any moment some form of windstorm is likely to swoop down and do untold damage. Even the slightest loss, such as a toppled chimney, usually costs more than a year's protection.

Windstorm insurance is just as important as fire insurance. Agents of this company are clinching many sales throughout the country by showing that while fire can be controlled, the only real protection against the wind is a Windstorm Policy.

**THE LIVERPOOL
AND LONDON
AND GLOBE
Insurance Co. Ltd.**

80th
Year in the
United States

Executive Offices: 1 Pershing Square
Park Ave. at 42nd St., New York, N. Y.
Pacific Coast Dept., San Francisco

SOME RECENT COURT DECISIONS IN THE FIELD OF FIRE UNDERWRITING

Where appraisers after fire loss did not consider property totally destroyed but only property of which part remained, held such appraisal was incomplete and not binding on the parties.—In *Great American vs. Marbury*, Court of Civil Appeals of Texas, 297 S. W. 584, the plaintiff brought an action to recover on a policy for the loss of household goods of the claimed value of \$1,500. In defense the defendant set up that following the fire there had been an appraisal under which the value was stated to be \$250. In line with this, the defendant contended that the plaintiff's right of recovery should be limited to that amount.

What Plaintiff Contended

The plaintiff, however, introduced evidence which tended to show that the appraisers did not take into consideration property which was totally destroyed by the fire, but only such property which was partially destroyed or the remains of which could be seen. The plaintiff therefore contended that the appraisal was not binding, and the trial resulted in a judgment in favor of the plaintiff for the amount of the policy. From this the defendant appealed, and the higher court in reviewing the record, and in affirming this judgment, said:

What the Court Held

"The evidence is sufficient to show the greater part of said goods were completely destroyed—reduced to ashes and debris. The award upon its face shows said appraisers did not undertake to appraise the entire loss, but only the damages to the 'items in evidence,' and that they took no account of what was totally destroyed. If all of said furnishings had been reduced to ashes and said appraisers had reported no loss, no one, we think, would contend such report was binding on the assured. The pleading and evidence were ample to authorize said purported award to be set aside or ignored. The insurer makes no contention to the contrary. It is evident said attempted appraisal was not complete and therefore not binding on any one. . . . The judgment is affirmed."

Subrogation to Mortgage. Held that when, under a standard fire insurance policy issued to an owner with loss payable to mortgagee, the owner fails to render proofs of loss within 60 days after a fire, the insurance company, upon repudiating liability to the owner and paying the loss to the mortgagee, is entitled to an assignment of the mortgage. *Niagara Fire vs. Fitzsimmons*, Ct. of Chancery, N. J.

The buildings insured burned before the foreclosure proceedings were brought by Russell. Held that by virtue of the loss payable clause in the policies of insurance, Russell, as holder of the first mortgage notes unquestionably had a superior right or claim to the proceeds of the insurance policies, if the mortgage and mortgage notes were valid, as such clause was a stipulation pour autrui for his benefit, and could not be revoked by the parties to the contract without his consent. A contrary doctrine would destroy the loss payable clause, or stipulation pour autrui, and leave the mortgagee depending upon the good faith or generosity of assured. The notes and mortgage were valid. Judgment for mortgagee affirmed. *Liverpool & London & Globe Co. vs. Aleman Planting & Mfg. Co.*, Sup. Ct. La.

Where Insurance Company Paid Creditor of Insured for Loss Under Fire Policy Which Was Suspected of Being Incendiary, Held Subsequent Confession of Insured That He Had Burned Property Did Not Entitle Insurance Company to Recovery of Amount Paid on Ground of Mistake.—

In *Meeme Mutual Home Protection Fire vs. Lorfield*, Supreme Court of Wisconsin, 216 N. W. 507, the company issued a policy covering certain barns. A loss occurred and the insured was suspected of having set fire to the property with the intention of defrauding the company. The state fire marshal made an investigation but concluded there was not sufficient evidence to convict the insured.

Following this the company paid the amount to the defendant who was entitled to same because the insured owed him a certain amount. Following this the insured confessed that he had set fire to the property, and the company brought action against the defendant who had received the money, as the creditor of the insured. This action was brought for the purpose of recovering the payment made on the ground that it had been made under a mistake of fact.

Reverses Judgment

Upon the trial, a judgment was rendered in favor of the company, plaintiff. On appeal the higher court in reviewing the record and in reversing this judgment, said:

"The trial court has acquitted the plaintiff of negligence, but its findings bring him squarely within the rule that a mistake of fact must rest upon unconscious ignorance and that, where one waives an investigation after his attention has been called to the possibility of the existence of the fact, he is not acting under a mistake of fact in the legal sense.

"Here the attention of the plaintiff was called to the fact that the fire might be of incendiary origin. It had the benefit of investigation by the state fire marshal as well as such investigation as it had made or could make on its own account, and, with full knowledge of all the facts, conscious of the fact that the fire might be of incendiary origin, it nevertheless paid.

"Under such circumstances, it cannot be said that the plaintiff acted under a mistake of fact in the legal sense. The act must be judged as of the time when the payment was made. The plaintiff was not unconscious or forgetful of the fact that the fire might be of incendiary origin, but, in spite of that knowledge and conscious of that fact, concluded to pay. The payment under such circumstances was voluntary, was not made under a mistake of fact, and cannot be recovered by the plaintiff. . . .

"Judgment reversed and cause remanded, with directions to dismiss plaintiff's complaint upon the merits."

Evidence of Mistake in Issuance of Loss Payable Clause Under Fire Policy Held Insufficient to Warrant Reformation Policy. In *Aetna vs. Steele*, Court of Appeals of Kentucky, 299 S. W. 1091, the company issued a policy to one Steele covering a dwelling house. It contained a loss payable clause to Mitchell as mortgagee.

Following this Steele transferred the property to one Walker and wife, and after this transfer had been made the property was destroyed by fire. The company denied liability on the ground that the transfer of the property had rendered the policy void, and since the loss payable clause was made subject to the conditions of the policy it was not liable to Mitchell, the mortgagee thereunder.

Intended to Attach Clause

Steele and Mitchell brought action in which it sought to have the policy reformed in respect to the scope of the loss payable clause. In this action it was alleged that it was Mitchell's intention as mortgagee, to have a standard

(CONTINUED ON PAGE 8)

Springfield
Fire and Marine
Insurance Company
SPRINGFIELD, MASS.



INDUSTRY AND SLOTH

Aesop's Fables with an
Insurance Moral

No. 2

HOW many live in the world as useless as if they had never been born! They pass through life like a bird through the air, and leave no track behind them; waste the prime of their days in deliberating what they shall do, and bring them to a period without coming to any determination.

An indolent young man, being asked why he lay in bed so long, jocosely and carelessly answered, "Every morning of my



INDUSTRY AND SLOTH

(Continued)

life I am hearing causes. I have two fine girls, their names are Industry and Sloth, close at my bed-side as soon as ever I awake, pressing their different suits. One intreats me to get up, the other persuades me to lie still; and then they alternately give me various reasons why I should rise, and why I should not. This detains me so long, as it is the duty of an impartial judge to hear all that can be said on either side, that before the pleadings are over, it is time to go to dinner."

AN INSURANCE MORAL

Industry and Sloth dwell by the side of every man. How many men pass through life wasting their best days in an effort to arrive at some decision. Life does not allow time for deliberation. A man must early decide to insure against disasters else misfortune will overtake him while he is deliberating.

SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY

SPRINGFIELD, MASSACHUSETTS, U. S. A.

GEORGE G. BULKLEY, President

Western Department
HARDING & LININGER, Managers
Chicago

Pacific Department
GEORGE W. DORNIN, Manager
San Francisco

CHARTERED
1849

CLAIMS IN NORTHWEST KEEP ADJUSTERS BUSY

CONSIDERABLE LOSS IS SEEN

Austin, Minn., Was Pelted by the
Tornado to the Tune of
About \$650,000

Some of the companies were well touched up on tornado losses at Austin, Minn., at the time of the recent storm there. The heaviest loss was on the light and water plant which carried about \$300,000 windstorm insurance. Most of the policies had the coinsurance clause in connection with Austin property. The windstorm losses have put a crimp in the profits of a few companies operating in the state. Some of them have live agencies in Austin that write considerable windstorm insurance.

The storm went through the city from southwest to northeast. There are about 750 claims and the property loss will run about \$650,000. The heaviest loss is on the water and light plant which is damaged to the extent of \$150,000. Johnson's Laundry sustained a loss of

\$75,000; Park Theater, \$55,000; Butler apartment building, \$15,000; Mier Wolf & Son, \$12,000. The rest of the losses were below \$10,000. There were 300 automobiles damaged. The main losses were on Main street south of Bridge street, East Water street, East Mill street, West Mill street, East Bridge street, East street, St. Paul street between Bridge street and Cortland street. There are a number of losses east of the Red Cedar river which goes through the city.

A temporary office has been established in Austin, Minn., by the Underwriters Adjusting Company for the purpose of handling the organization's 500 claims which resulted from the tornado which did serious damage to Austin and the five counties surrounding it. Manager C. W. Seanor of the Minneapolis office has put a staff of adjusters on the job at Austin and expects to clean up the losses there in quick time. The Western Adjustment sent special men from St. Paul and Chicago to care after losses assigned to it.

Maguth Leaves Metropolitan

Frank L. Maguth, manager of the forgery bond department of the Metropolitan Casualty in Chicago, has resigned, effective Sept. 1. Mr. Maguth is a for-

SOME RECENT COURT DECISIONS

(CONTINUED FROM PAGE 6)

mortgage clause attached to the policy which would have protected him against any act of Steele in transferring the property.

The evidence, however, tended to show that the local agent, Jones, obeyed the instructions of Mitchell in attaching the loss payable clause. The trial, however, resulted in a judgment

in favor of the plaintiff. The evidence showed that the agent was a gery insurance specialist and one of the pioneers in that field. He is not only an insurance authority but a hand-writing expert, and is often called upon to pass upon the authenticity of questionable writing.

Mr. Maguth joined the National Surety after the armistice when that company first started writing check alteration insurance. In 1925 he went with the Metropolitan Casualty at Buffalo and was transferred a year later to the Chicago branch. He has taken part in the campaign to reduce forgery losses and has made radio talks and addresses before various civic clubs.

defendant appealed. Here the court in favor of the plaintiffs from which the reviewing the record, and in holding that the evidence of mistake was not sufficient to warrant the reformation of the policy, and in reversing the judgment, said:

May Be Reformed

"It is the rule in this state that an insurance policy may be reformed the same as other written instruments, if, by reason of mutual mistake, or mistake on one side and fraud on the other, it does not conform to the real agreement. * * *

"It must not be overlooked, however, that, to reform an executed contract on the ground of fraud or mistake the evidence must be clear and convincing or such as to establish the fraud or mistake beyond reasonable controversy. * * *

"It is at once apparent that the evidence of fraud or mistake does not come up to the required standard. Neither Mitchell nor Jones testified that it was agreed between them that the contract should insure and protect the interest of Mitchell without being contingent on the liability of the company to Steele. There was no evidence of any agreement that any change in the title, interest or possession of the property should not effect the company's liability to Steele. No Evidence Given

"There was no evidence that it was agreed that the standard mortgage clause should be attached to the policy and that by mutual mistake the loss payable clause was attached. Even Mitchell's evidence goes no further than to say that he understood and believed that when the policy was delivered to him it would protect his interest in the property.

"As a matter of fact, his interest was protected in the usual way, and, even if he had gone further and stated that it was his understanding and belief that his interest would be protected without regard to any act on the part of Mitchell (sic), the mere understanding and belief of one of the parties to a contract is not sufficient to show that by reason of fraud or mistake the contract as executed did not conform to the real agreement between the parties.

"Considered as a whole, the evidence shows that the agent issued, and Mitchell accepted, a policy with the usual loss payable clause, without any agreement whatever that a different policy should be issued. We are therefore constrained to the view that the chancellor erred in reforming the policy.

"There being no liability without a reformation, it follows that judgment should have been rendered in favor of appellant.

"Judgment reversed, and cause remanded, with directions to enter judgment in conformity with this opinion."

Cancellation. Defendant, Great Lakes Insurance Company, issued and delivered to plaintiff an insurance policy on certain automobile equipment including a five-ton General Motor oiler, by the terms of which defendant insured plaintiff against loss on or damage to equipment resulting from fire at any time prior to noon on May 6, 1926. This policy was written by Vetter, agent for the company. On December 29, 1926, the oiler was burned and partially destroyed by fire. Plaintiff, claiming the damage sustained on this oiler as the result of the fire was \$3,500, brought this suit. The insurance company defended on the ground that at time of the fire the policy had been cancelled.

Held that there is nothing in the testimony from which the court can conclude that Vetter unequivocally agreed that in no event would these old policies be cancelled prior to issue of new ones. The right of the company to cancel the policies would have existed had they never been surrendered to Vetter. The same right existed after their surrender, and to hold that the representation of Vetter, that the policies continued in force after their delivery to him, was

(CONTINUED ON NEXT PAGE)



Sell
Complete
Automobile
Protection

FIRE—THEFT—TORNADO
PUBLIC LIABILITY—PROPERTY
DAMAGE AND COLLISION

WRITE FOR ATTRACTIVE!
AGENCY PROPOSITION!

The Western Automobile Insurance Co.
The Western Automobile Casualty Co.
The Western Fire Insurance Co.

THE
WESTERN
INSURANCE COMPANIES
FORT SCOTT, KANSAS

- Established 1910 -

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PROGRAM FOR MISSOURI CONVENTION OF AGENTS

HEADQUARTERS AT STATLER

Details Given Out on Annual Session
of Local Men to Be Held in
St. Louis

ST. LOUIS, Aug. 29.—The detailed program for the annual convention of the Missouri Association of Insurance Agents to be held in St. Louis, Sept. 13-14, is announced. The headquarters will be at the Hotel Statler instead of the Hotel Jefferson, as previously announced. The golf tournament will be held Thursday afternoon, Sept. 13, at the Glen Echo Country Club. This will be followed by the semi-annual dinner of the Fire Underwriters Association of St. Louis, which will be held at the Glen Echo Country Club that evening. The visiting agents and speakers will be guests of the St. Louis association at this dinner.

Daniel J. O'Keeffe of Fort Wayne, Ind., will be the speaker of the evening. The full program is as follows:

Thursday, Sept. 13, 10:00 A. M.

Call to Order.
Address of Welcome—Charles M. Talbert, President Fire Underwriters Association of St. Louis.
Reply for the Association—President B. J. Fradenburg.
Report of the Treasurer—James B. Wallace.
Report of the Secretary—Wilbur F. Maring, Jr.
Appointment of Committees.
Greetings from the Missouri Insurance Department—J. A. Rathbun, Deputy and Acting Superintendent.
Discussion: Automobile Club Competition and Standard Auto Certificates—Led by J. A. Giberson, Alton, Ill.
Developing Casualty Lines—Howard A. Blair, Manager Automobile Department Aetna Casualty & Surety, St. Louis.
Luncheon.
Following the luncheon on Thursday afternoon a golf tournament will be held at the Glen Echo Country Club. Dinner will be served following the tournament at which visiting agents will be the guests of the Fire Underwriters' Association of St. Louis. Daniel J. O'Keeffe of Fort Wayne, Ind., will be the speaker of the evening.

Friday, Sept. 14, 10:00 A. M.

The Benefit of Insurance Periodicals to the Local Agent—Glen D. Mathews, Editor, Insurance Magazine.
The Agents' Rating Problem—W. A. Cox, Missouri Inspection Bureau.
Insurance from the Buyer's Standpoint—(Speaker to be announced).
The Perfect Local Agent: The Dream of the Field Men—J. Elmer Ball, State Agent, Home of New York.
Discussion: Problems of the Missouri Audit Bureau—Led by Carl R. Jung, Manager Missouri Audit Bureau.
Discussion: Problems of the Missouri Inspection Bureau—Led by Paul Terry, Manager Missouri Inspection Bureau.
Work of the National Association, George W. Scott, Field Secretary of Insurance Agents.
Luncheon.
Report of Resolutions Committee.
Report of Nominations Committee.
Election of Officers.
Address by Incoming President.
Adjournment.

RECENT COURT DECISIONS IN FIRE INSURANCE CASES (CONT'D FROM PRECEDING PAGE)

tantamount to an agreement that they would not be cancelled until new policies were issued and had the effect of estopping defendant from pleading and proving cancellation under the cancellation clause, would not only be a perversion of the evidence, but a violation of settled principles of federal law. Petition dismissed. Southern Oil & Tar Co. vs. Great Lakes, Dist. Ct. of U. S. Western Dist. of Ky.

* * *

Filing Proof of Loss—Plaintiffs just before the trial, filed an amended reply

in which they sought to avoid the forfeiture of this policy for failing to furnish proof of loss within 60 days by alleging that within three days after the fire occurred, one A. S. Jones, an adjuster representing the defendant company, came to the premises, looked over the scene, and told plaintiffs to prepare and deliver a statement in writing of their loss and damage to the local agent of the company, and that they did within 60 days prepare a detailed statement of the loss and presented in to Robertson, who declined to receive it. They further pleaded in this amended reply that it was the universal custom of the defendant company in its fire insurance business in Graves county, to permit its local policyholders to verbally report to the agent their losses, and that such agents would notify the company and assist in making proof of loss. Held that it is not competent by proof of usage to vary the terms of the policy itself. Judgment for insured reversed. Home of N. Y. v. Porter, Ct. of Appeals, Ky.

CONVENTION DATES

Aug. 28-31—Blue Goose Grand Nest, Montreal.
Sept. 5-7—Health & Accident Underwriters Conference, Chicago.
Sept. 10-12—International Claim Association, Old Point Comfort, Va.
Sept. 10-11—Iowa Agents, Cedar Falls.
Sept. 12—Kentucky Insurance Day, Louisville.
Sept. 12-13—Michigan Agents, Muskegon.
Sept. 13-14—Missouri Agents, St. Louis.
Sept. 18—Western Union, Manchester, Vt.
Sept. 18—Indiana Insurance Agents, West Baden.
Sept. 18-21—National Association of Insurance Agents, West Baden, Ind.
Sept. 24-26—Insurance Commissioners, Rapid City, S. D.
Sept. 25—South Dakota Agents, Rapid City.
Sept. 25—Maine Agents, Bangor.
Oct. 1-4—National Association of Mutual Insurance Companies, Milwaukee.
Oct. 1-3—Insurance Advertising Conference, Washington, D. C.
Oct. 1-5—National Safety Council, New York.
Oct. 2-4—Casualty Associations, White Sulphur Springs.
Oct. 3-4—Western Insurance Bureau, Old Point Comfort, Va.
Oct. 10—New Hampshire Agents, Manchester.
Oct. 11—Vermont Agents, Rutland.
Oct. 11-12—Wisconsin Agents, Oshkosh.
Oct. 17-19—Industrial Insurers Conference, Asheville, N. C.
Oct. 18-19—Kansas Agents, Pittsburg.
Oct. 24—Wisconsin Insurance Day, Milwaukee.
Oct. 25-26—Tennessee Agents, Chattanooga.
Nov. 1-2—Illinois Agents, Springfield.
Nov. 9-10—California Agents, Bakersfield.
Nov. 20—Illinois Insurance Day, Chicago.

Desirability of Knowing Names and Faces

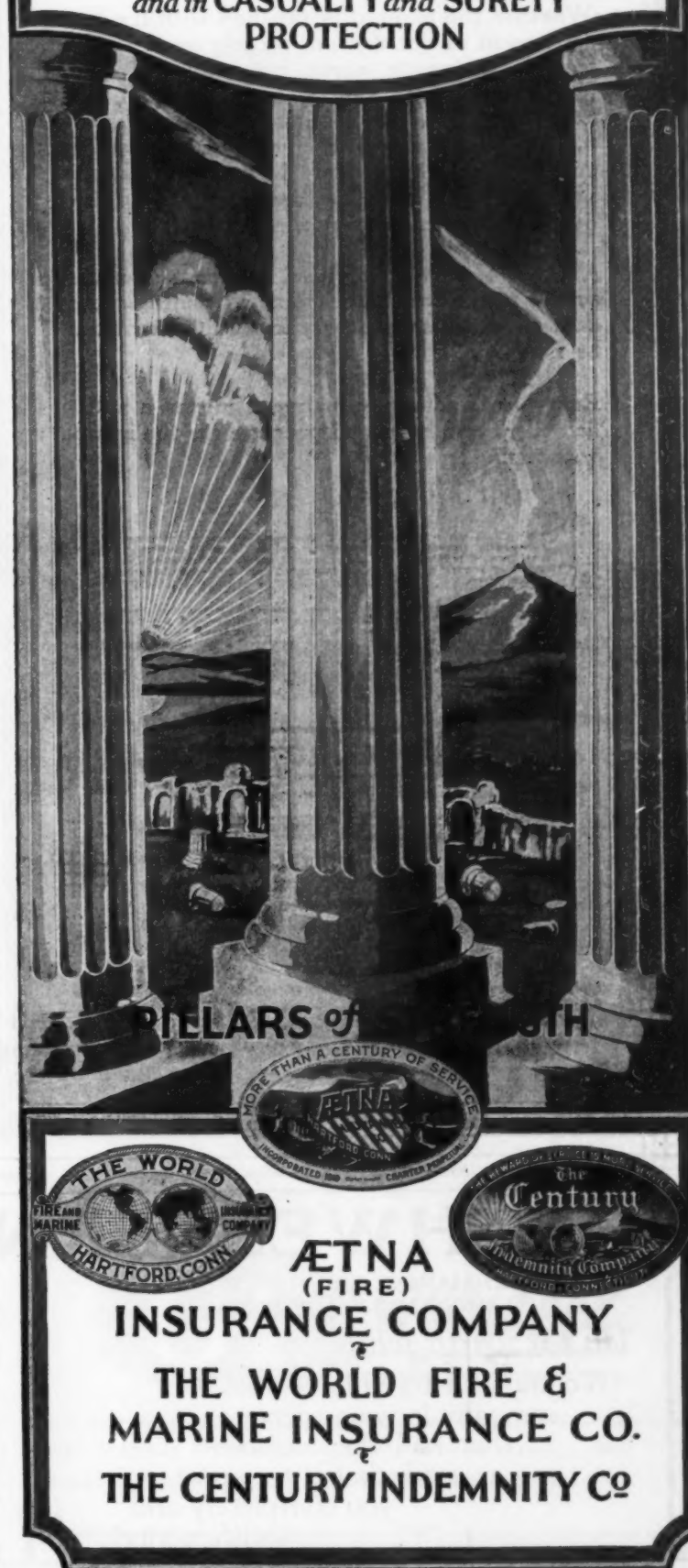
IT IS a very real asset for any insurance man to be able to quickly and easily remember names and faces.

It is subtle flattery to call a man by name if you have only met him once. He instinctively feels important in your eyes and in turn focuses his attention on you.

With some people such a faculty for readily recalling names is a natural gift, requiring no conscious effort. Those who do not have it should cultivate it. Any one of the several rather widely known methods of securing concentration and association will help. Some agents make it a point to make some note regarding personal appearance or features on each prospect card. Others will write out a description of a man whose name is to be remembered.—Field Notes.

THE AETNA FIRE GROUP

Three Strong Companies
Providing Dependable Insurance
in FIRE and ALLIED LINES
and in CASUALTY and SURETY
PROTECTION



PILLARS of STH

MORE THAN A CENTURY OF SERVICE

THE WORLD FIRE & MARINE INSURANCE CO. HARTFORD, CONN.

AETNA (FIRE) INSURANCE COMPANY

THE CENTURY INDEMNITY CO.

Recognized

Whether the assured is satisfied with the loss settlement or not depends largely on the service his insurance agent has rendered him. Many an assured has learned through bitter experience what the coinsurance clause means to the underinsured. The assureds who suffer such a loss are not likely to resume relations with an agent who has not pointed out the dangers of underinsurance.

A Lloyd-Thomas *Appraisal not only shows the actual insurance values, but it furnishes the data on which satisfactory loss adjustment can be made.

Every satisfactory adjustment means a satisfied client and increased prestige for the insurance man.

*****WHAT IS AN APPRAISAL?—**It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

ITS ADVANTAGES—1st—It discovers insurable values that have long been written off the books through unscientific depreciation—2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

The Lloyd-Thomas Co.

RECOGNIZED AUTHORITIES ON PHYSICAL VALUES



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Detroit
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Minneapolis
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Indianapolis
Memphis
Kansas City
Des Moines

JOHN H. GRIFFIN, President

1928

NORTHWESTERN

FIRE AND MARINE INSURANCE COMPANY
MINNEAPOLIS, MINNESOTA

Isn't it worth while

To know that you have a
company in your agency
that has the facilities
and desire to serve
you completely and
satisfactorily?

Fire Tornado Lightning Automobile Hail Rents Use and Occupancy

ADDED SPEAKERS FOR THE BIG CONVENTION

(CONTINUED FROM PAGE 3)

There he lived in the room which William Cullen Bryant occupied during his student days.

He received his legal training at the Syracuse Law School. For some years he acted as football coach at Colgate and Syracuse, in both universities taking a handful of material and developing teams that became famous throughout the collegiate world. He was head coach at Columbia also. He was a member of the law firm of White, Shinaman & O'Neill at Syracuse, and made a fine record particularly as a trial lawyer. He came to the Royal Indemnity in 1915 to take charge of the legal department. Upon the resignation of its president in 1921, Mr. O'Neill became first vice-president and general counsel, and was promoted to the presidency last year.

Spillman a Forceful Speaker

Mr. Spillman, in his capacity as director of education for his company, has spoken before business audiences throughout the country. He appeared on the program of the joint meeting of the International Association of Casualty & Surety Underwriters and the National Association of Casualty & Surety Agents at their 1926 meeting at White Sulphur Springs.

Each speaker from the membership of the National association has been selected because of his peculiar qualifications for handling the subject to which he has been assigned.

Major Morgan made a profound impression at the last meeting of the West Virginia association with his talk on the legal distinction between principal and agent—master and servant. Following that speech, it was said of him, "Major Morgan is a very clear thinker and makes an excellent impression as a speaker. He has a comprehensive understanding of agency relationships."

O'Keeffe a Ready Speaker

Mr. O'Keeffe also is a clear thinker, with as fine command of language as any member of the National association. He presents his subject with a degree of dignity and poise seldom equalled on a convention floor. He is a surety specialist.

Mr. Pearce's own agency, Pearce, Porter & Martin furnishes one of the outstanding examples of superior agency management in the country.

Mr. Caldwell is a young state association leader with clearly defined ideas as to proper educational equipment for the agent. He has spent a great deal of his time in helping to raise the agency standard in his own state.

Not Prohibition Candidate

Mr. Varney, not the Prohibition candidate for president of the United States, William S. of New York state, but Charles W., already president of the New Hampshire association undoubtedly is qualified to speak on a "Hundred Percent Membership Increase", because that is just exactly what he has brought about in his own association. He is going to tell how he did it.

Mr. Markham's every appearance on the floor of a convention is greeted with enthusiasm, both for his personal popularity and for the deep intelligence with which he presents a subject. He is a gentleman, a scholar, a thinker and a true exponent of high ideals.

Maynard & McMillan is one of the most consistent agencies in the country that utilizes advertising. Mr. McMillan knows that he believes in advertising, and furthermore he can tell why he believes in it and how it pays.

Fisk Is Well Known

With every mention of the name of Earl E. Fisk, one's mind gravitates instantly to the thought of public relations. He loves the work and appreciates its potentialities. Undoubtedly he will explain some of the details of the latest activity of his committee, the

placing of insurance courses and insurance lectures in the schools and colleges of the United States.

Selection of Mr. Stubbs to talk about the automobile certificate certainly is appropriate, as he is the father of the idea which has swept like wildfire through the ranks of the National association.

C. L. Gandy's idea in all of his association work is to bring about that happy coextensive state—every local board member belonging to his state and national associations and every member of the associations an active member of his local or county board.

O. M. Spaid Will Speak

O. M. Spaid, manager of the fire division for D. Sherman Ellison of South Bend, Ind., is an expert in the analytic rating system. He will present a clear and concise description of the methods used, philosophical enough to show the scientific foundation, and technical enough to show the application in the field. Mr. Spaid is a graduate of Armour Institute at Chicago. His subject will be "Necessary Production Knowledge."

Burras a Banquet Speaker

Charles H. Burras of Chicago, president of Joyce & Co., and head of the National Association of Casualty & Surety Underwriters, a well known after dinner speaker, will bring the greetings of his organization to the National Association of Insurance Agents at West Baden, Ind., Sept. 18. He will speak at the banquet. Clarence C. Wysong, Indiana insurance commissioner, will speak before the Indiana association meeting Sept. 18. He will be present at the sessions of the national body. This year in addition to the executive session of the executive committee with the officers of state organizations, an executive session for the national body is arranged for Wednesday night of convention week. This will be a departure from the custom of past meetings.

Reception Committee

President W. H. Bruner of the Indiana association and a committee from that organization will act as official hosts and will be on hand to look after the interests of those present. At the opening session President W. E. Harrington of Atlanta will give an account of his stewardship. It will be in the nature of the "report of the administration". Chairman R. P. DeVan of the executive committee will give some observations on "Business Development", the theme of the convention.

First Day's Activities

The get-together dinner on Sept. 18 will start the proceedings for the big convention although during that day there will be much going on in the way of the Indiana association meeting, the meeting of the officers of state associations with the executive committee and conferences. The Indiana association is arranging for two golf tournaments to be played on the course near the hotel. There will be entertainment provided for the women starting with a general reception Tuesday afternoon, a sightseeing tour around the hotel properties Wednesday morning, bridge and tea at the Hoosier Club Wednesday afternoon and a motor trip to Marengo cave Thursday afternoon.

INSURABLE INTEREST

One of the basic conditions is that a policyholder must have an insurable interest. Just what represents an "insurable interest"? The assured must show that he has a reasonable expectation of deriving financial benefit from the continued existence of the property or that he will lose by its damage or destruction. The test, therefore, of an insurable interest is whether an injury to the property will cause an actual loss to the assured. If it will, the required degree of ownership exists.—Safeguarding America.

R. P. DEVAN SPEAKS TO PENNSYLVANIA AGENTS

CITES ASSOCIATION PROGRESS

Shows Accomplishments Under Five-Year Development Program and Cooperation

HAZLETON, PA., Aug. 29.—Speaking before the Pennsylvania agents, in annual session here last week, on "Our Association," R. P. DeVan of Charleston, W. Va., known far and wide as the working chairman of the National association's executive committee, concentrated on the five year development program of the National association, which he summed up as a "definite plan that will give concrete expression to that one thing on which we have been pounding continuously for years—that the investment and time and sacrifices and services we have rendered in developing this business are too great to permit agents to be robbed of the fruits of their labor." The program, he said, has been brought about with a two-fold objective—to protect the agent, and to preserve his services for the public.

Mr. DeVan reviewed the items in the program for the first year, just closing, and congratulated the organized agents of the entire country on the successful outcome of the membership work, saying that the goal set for a 10 percent increase had been reached and passed, and still new members are being reported each day to National association headquarters.

He said that he is prepared to state that in the years he has served on the national executive committee, no year has been busier, or more fruitful. He predicted that the administration under the leadership of President W. Eugene Harrington will go down in history as one of the most productive and progressive the association has enjoyed, due in large measure to the far-seeing program which was begun this year.

Of the other features of this year's portion of the program, he stressed particularly the importance of the coextensive membership plan in local board organization. He is impressed with the vast possibilities of the work of the "key men" in carrying the message of insurance before civic organizations. He urged the Pennsylvania agents to avail themselves of the business building privileges afforded in the better business methods forms, the standard automobile identification certificate and cooperative advertising.

"These are the things you are offered," he said, "that will enable you to derive an immediate material benefit from your association, and it is a shame if you fail to use them, because they have been developed with a great deal of thought and time and effort."

All of the elements of the five-year program, he said, in the last analysis, are going to serve to strengthen the trade organization idea, in the minds of the members, of the companies and of the insuring public—so that throughout the country the National association emblem will be recognized everywhere as "The Sign of Good Insurance."

Business Good Will

Good will is an intangible thing. It cannot be delivered to your office like furniture or supplies. Yet it is very real and often has a value that runs into millions of dollars. You do business on good will. It is another name for confidence, the belief of your public that you are honest, intelligent and efficient. But back of every policy you write there must be a strong, sound, efficient, honestly-managed and fair-dealing company. That, after all, is what you are selling and when, through advertising, a company becomes known as such an institution, another big measure of good will is put to work in your behalf.—The Hartford Agent.

MINNESOTA AGENTS IN ANNUAL MEETING

(CONTINUED FROM PAGE 3)

through some violation are becoming less. In 1927, he pointed out, 15 agents lost their licenses while for the first seven months of 1928 there were only eight.

W. B. Calhoun, Milwaukee, former president of the Wisconsin Association of Insurance Agents and chairman of the finance committee of the National association, spoke of the five-year development plan as outlined by the National association. The program, he pointed out, calls for a membership increase of 10 percent each year and that the first year closed with a membership increase of 15 percent.

Condemn Branch Office Plan

The following resolutions were among those adopted:

"We would direct the attention of our members to the fact that the Travelers' Fire has refused to conduct its business in Minneapolis in accordance with the accepted rules and practices of the organization known as the Minneapolis Underwriters' Association, in conducting a branch office contrary to the principles of the American agency system, and so long as this practice is continued we feel that the company should not be represented in those offices of loyal members of our state association.

"We wish to commend the determined stand taken by the officers of our association against the unethical conduct and practice pursued by the National Union Fire and the Northwestern National Fire in the indiscriminate appointment of so-called agents who are not familiar with the business of insurance and therefore unable to render that service to the public which should rightfully be expected and we pledge to support our members to our official representatives to the national convention of 1928 who will present the facts at that meeting involving these companies.

Demand National Association Action

"The action of these companies in their agency practice is such a flagrant violation of the salient principles established and fought for by the National association, that we as a state organization forming an integral unit of the National association, demand that our national body take such steps, if these companies are found guilty, that will make it impossible for an agent to represent either company and at the same time be a member of the National association through his state association.

"We wish to go on record as being opposed to a compulsory automobile liability insurance law. We do not believe that such a law would reduce accidents or that it would give relief and protection which the public generally believe they would get therefrom. We urge the members of this association to thoroughly familiarize themselves with the workings and coverage of a compulsory automobile insurance law and to acquaint the public with the true facts and effect of such a law.

Urge Better Licensing Plan

"We reiterate our approval of the plan adopted by the National Association of Insurance Agents for five-year development program and assure the National association of the continuance of our share in this development work.

"We again desire to bring forcibly to the attention of the members of this association and to its legislative committee, the necessity for a more comprehensive and satisfactory plan for qualifying and licensing agents and solicitors and urge the department of insurance to cooperate with us in this matter with a view to getting the legislature to correct a situation which is now demoralizing to the insuring public as well as to those engaged in the insurance business."

The proposal of H. H. Matteson, St. Paul, regarding the membership qualifications of local boards, was deemed



Let your desk express your personal good taste

YOUR desk is more than just a work table, with a few convenient storage drawers. It contributes an important bit to the atmosphere which surrounds you, from which visitors gain their first impression of your business or professional standing.

Good judgment, refinement, stability and progress are radiated from GF Executive Desks of steel.

You can select no finer piece of furniture for your own office. No other so well keeps and guards its own beauty of finish and design.

A GF Steel Executive Desk becomes the keynote in the furnishing of the entire office. It introduces richness and culture, and lends an air of unquestioned success. Each detail is perfect and permanent, today, and after a generation of faithful service.

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Kindly send me a copy of the GF Allsteel Desk Catalog.

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THE Largest Mixed Insurance Company in the World recently Established a Life Department. There is a Pronounced Trend in that Direction. Agencies are adding Life to Fire, Casualty, Surety, etc. You, too, may Enlarge your Profits without Increasing Fixed Costs.

The most Satisfactory Life Contract Available is that of the Columbus Mutual—the Company which 20 years ago Eliminated Middlemen and Diverted the Huge Expense of their Maintenance into Savings for Policyholders and Agents. Its System makes possible Low Cost Insurance, Generous Commissions, and VESTED Renewals. There are No Restrictions in Territory. Each Contract is a Direct Home Office Contract—no Intermediaries between. The Agency that Produces gets ALL the Commissions.

Send today for this Distinctive and highly successful Company's Proposition. Write your Name and Address on the Margin of this Advertisement and Forward.

THE COLUMBUS MUTUAL LIFE INSURANCE COMPANY

C. W. Brandon, Pres.



Columbus, Ohio

SAFE FOR AGENTS — BEST FOR ASSURED

WESTCHESTER

FIRE INSURANCE COMPANY OF NEW YORK



AN
OLD and THOROUGHLY RELIABLE
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ESTABLISHED 1837

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FIRE INSURANCE COMPANY OF NEW YORK

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111 W. Jackson Boulevard
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SAFE FOR AGENTS — BEST FOR ASSURED

too important to be disposed of at a one-day meeting and it was referred to the incoming administration. His resolution would restrict local members to the representation of board companies.

The session closed with the election of officers and committeemen. John P. McGee was named chairman of the executive committee assisted by E. C. Hahnke, Duluth; H. W. Schwantes, Minneapolis; H. B. Smith, Fairbault;

Everett Konantz, St. Paul; Clarence Brown, Rochester, and Frank Estely, Minneapolis. The finance committee includes Frank S. Preston, Minneapolis; Roy Nienhauser, St. Paul, and Paul F. Otis, Duluth; legislative committee, H. W. Cheadle, Duluth; John M. Harrison, Minneapolis; John A. Lagerman, St. Paul. The committee also recommended W. S. Gilliam be made executive secretary-treasurer.

COMPENSATION TO THE LOCAL AGENT

DALLAS, TEX.—To the Editor: That there exists in Dallas a deplorable insurance condition, none will deny who have made even a slight investigation. Those who have given the matter serious thought are forced to the conclusion that the multiplicity of solicitors and the ever increasing army of insurance "bootleggers" are largely responsible for the unfortunate condition. The local agent, who observes the strict ethics of the business and refuses to technically violate the insurance laws of the state by dividing his commissions with the "bootlegger" or the assured, views with alarm the rapid disappearance of his business, and he wonders how long he will be able to remain in the insurance business with this horde of "unholy alliance" constantly laying siege to his expirations.

It seems that the greed for business has reached a point where both the insurance companies and the agents have thrown discretion to the winds, the paramount object being volume, with apparently no consideration for quality. License is granted to anyone to solicit insurance, regardless of knowledge or qualifications, the battle cry being "get the business." Whether the insurance companies or the insurance commissioners know it or not, it is a well established fact that a large percentage of the insurance business in Dallas is "bought," license being obtained as a camouflage, and frequently that formality is not observed.

Is there no balm in Gilead? Is there no remedy for this ever increasing evil, which constantly brings the insurance business in disrepute and threatens to destroy the agency system? Is there no redress for the loyal local agent, who represents his companies with faith and fidelity, and who gives a real service to his patrons? Is it not possible to restore the important business of insurance to its rightful place in the business world and confine it to legitimate channels? Observation and experience and a careful analysis of the local conditions reveal that the remedy is undoubtedly available, if it would only

be used.

The "bootlegger" who sells liquor violates the prohibition law. The reason he does so is on account of the profit which he makes. The insurance "bootlegger" who sells insurance, technically, if not actually, violates the insurance law. The reason he does so is on account of the profit which he makes. Neither render any service to the public for the profit obtained, and the remedy in both cases is the same. If the government would handle the liquor business and reduce the price to the minimum, the "bootlegger" would be very largely eliminated, for his profit would be too small to be attractive. If the insurance companies would reduce the local agency compensation to 15 percent flat commission, the insurance "bootlegger" would also be largely eliminated, for the commission which the local agent could afford to pay would be too small to make his business profitable. If that remedy were applied, the business would be largely confined to bona fide local agents, who could afford to render a real service to their patrons, for the compensation would in the aggregate be greater than under the graded scale of 15, 20 and 25 percent, since more than half of the present commissions finds its way to the coffers of the "bootlegger."

It has been stated that the expense ratio of the insurance companies has already reached the limit and if the local agent's commission is reduced to 15 percent flat the expense ratio of the companies would, of course, be reduced. Furthermore, by the elimination of the insurance "bootlegger," the local agents would be inclined to a more careful supervision and inspection of the business, which, of course, would result in a decreased loss ratio and eventually a reduction in rate would follow, which would be welcomed by the insurance public. It would seem that this is a logical solution of the present troubles in Dallas, and which would be to the advantage of the local agents, the insurance companies and the insuring public.

—X. Y. Z.

TENDENCY TOWARD LARGE POLICIES

A MANAGER calls attention to the fact that some agents during the last few years have become obsessed with the idea of educating their clients to accept very large policies, the chief reason being given that the assured will not then be bothered with keeping account of so many policies. This manager said that many assured are impressed with this argument, but the real reason rests in the agent's desire to care for the line in his own agency rather than to broker a part of it with other agencies.

This manager said that such a scheme would not be particularly objectionable if these large policies were to cover risks that are considered by the company thoroughly desirable. The average agent, however, he said, does not bother himself on that point. He reasons that his companies must have good reinsurance facilities and lets it go at that. It is at this point, the manager declares, where all the trouble lies. He says:

"It is true that most of the companies now have good reinsurance connections, but the latter are just as much in the

business to make money from their writings as are the companies from which they secure business. Therefore these reinsurance companies do not expect to be treated as a slop-bucket by being offered reinsurance only on risks that are inherently hazardous or have been accepted by the offering company only as an accommodation to its local representative.

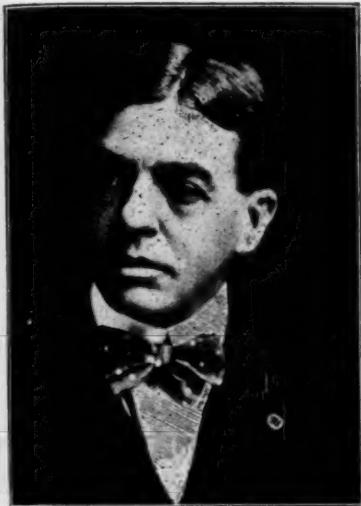
"Most of the worthwhile companies are awakening to the fact that they have been easy marks or at least have subordinated good judgment to a desire to assist agents against the best judgment of the office. The result is that daily reports showing large lines are being more critically scanned than has been the case. Nowadays almost every agent has a fairly sizable number of companies and when he is offered a risk that his good judgment should tell him is not what a company is really desirous of entertaining, he should distribute it among his companies, assuming that it has no inherent objections on the theory that any company is willing to take a reasonable amount of bitter with the sweet."

CHANGES IN THE FIELD

ATWATER JOINS CALEDONIAN

Veteran Resumes Field Work in Wisconsin as State Agent for That Company

Walter E. Atwater has been appointed state agent of the Caledonian and Caledonian-American in Wisconsin, effective Sept. 1. In recent years Mr. Atwater has been in another line of business, but prior to his retirement from insurance work he was one of the most prominent field men in Wisconsin.



WALTER E. ATWATER

He was for many years Wisconsin state agent of the Commercial Union. In that connection he was conspicuously successful. He served as vice-president of the Fire Underwriters Association of the Northwest, and was one of the original organizers of the Blue Goose, hav-

ing been present at Green Lake, Wis., when the Wisconsin pond was brought into being. He prepared the original Blue Goose ritual. He was the first most loyal grand gander.

Some years ago Mr. Atwater suffered a nervous breakdown and was advised by his physicians to refrain from all active work for a time. Mr. Atwater took a long rest and gradually regained his strength and health. His friends in Wisconsin are very much pleased over his return to the field.

W. B. Canterbury of Minneapolis has had both Minnesota and Wisconsin for the Caledonian and the Caledonian-American. The company desired to develop each state more actively and hence Mr. Canterbury will hereafter give his time to Minnesota alone.

Cary Marshall, S. A. Minter

Territory formerly supervised by Lawrence P. Frayser for the Scottish Union and National is to be split up. Mr. Frayser traveled Maryland, District of Columbia, Virginia and North Carolina for this company with Richmond headquarters. Cary Marshall, one of his successors, is to be given supervision over Maryland, District of Columbia and Virginia. Mr. Marshall has been traveling North Carolina as a special for the Fireman's Fund. S. A. Minter, engineer for the North Carolina Inspection Rating Bureau, is reported to be slated to succeed Mr. Frayser in North Carolina after being given special training in field work. Mr. Frayser on Sept. 1 becomes special agent in Virginia and the two Carolinas for the group of companies for which A. H. Turner is manager at Atlanta.

George E. Scaff

George E. Scaff has been appointed special agent of the Royal Exchange fleet for western Pennsylvania and West Virginia, with headquarters in Pittsburgh. He succeeds C. C. Meyer, Jr., who has resigned.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

BEHA MAY NOT ACT

It has been stated at the office of Superintendent Beha that the superintendent will withdraw his application for liquidation of the DeWitt Clinton Fire. It is said he also will ask that the temporary injunction restraining promoters of the company from withdrawing funds from the bank be dissolved. The superintendent decided to take action when he learned that some of those who had subscribed for stock in the company expressed a desire to withdraw their subscriptions and have their money returned to them. Organization work has been proceeding slowly. However, arrangements have been made to refund paid-in money to dissatisfied subscribers.

FARE REDUCTION OFFERED

Members of the National Association of Insurance Agents intending to be on hand at the annual convention at West Baden, Ind., Sept. 18-21 are urged to secure from Walter H. Bennett, the association's secretary, identification certificates, the possession of which will entitle holders to a reduction in railway fares. Under the conditions imposed by the railways the same route must be used in going to and in returning from the convention. One ticket may be used to include members of an agent's family.

LICENSED TO SELL STOCK

License in New York has been issued to the Suffolk Fire to offer its stock on

sale to the public. The company's capital consists of 20,000 shares of \$10 par value, which the company intends to sell for \$15.75 each, to create capital of \$200,000, surplus of \$100,000 and a contingent fund of \$5,000. Out of the contingent fund all organization costs are to be paid. Officers of the company are: Benjamin G. Halsey, president; John C. Barrie, first vice-president; Wallace G. Matteson, second vice-president; Ralph J. Hawkins, third vice-president; Robert Mackintosh, treasurer; James R. Skinner, secretary.

PLAN BANQUET FOR ROBB

Friends and associates of W. O. Robb, who recently retired as manager of the New York Fire Insurance Exchange and as manager of the New York City division of the Rating Organization, are planning an elaborate banquet in his honor. A tentative date in October has been selected. In that month many company executives will be in New York to attend various meetings.

COVERS EASILY OBTAINED

One notable result of the entry into the fire insurance field of a score or more new companies in the past 12 months is the reported ease with which risks not heretofore considered up to standard may now be placed. This does not mean that the established companies are letting down the bars in their acceptance of business, but rather that the excess covers on which they for-

REPUBLIC

AUTOMOBILE INSURANCE CO.

HOME OFFICE DETROIT, MICHIGAN

"You're not up to the minute if you haven't a company that specializes in Automobile Insurance in your Agency — that's why I want you to let me tell you about the Republic Automobile of Detroit—

The Republic Special

"An Exclusive
Automobile Writing Company"

TERRITORY
OPEN in

Ohio
Illinois
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Michigan



R. M. BISSELL, Pres. JOHN H. GRIFFIN, Vice-Pres. & Mgr.
WILLIAM COLLINS, Sec'y & Treas.

TWIN CITY FIRE INSURANCE COMPANY

MINNEAPOLIS, MINNESOTA

The Company That Aims to Excel in Service

FIRE TORNADO FARM
HAIL AUTOMOBILE TRACTOR

F. R. Ormsby, Pres. G. E. Hutchings, Secy. C. J. Kepler, Treas. and Asst. Secy.

Industrial Fire Insurance Co.

Akron, Ohio

January 1, 1928

Capital \$500,000

Surplus to Policyholders \$968,055.88

Total Admitted Assets \$1,737,659.31

An Ohio Company writing Business through Ohio Agents. Why not represent an Ohio Company?

AGENTS WANTED!

SECURITY FIRE INSURANCE CO. of Davenport, Iowa

Commenced Business 1883

**SURPLUS TO POLICYHOLDERS
OVER
ONE MILLION DOLLARS**

The LIBERTY HOME OFFICE DAYTON, OHIO INSURANCE COMPANY

Automobile Insurance—Full Coverage—All in One Policy
Plate Glass, Liability and Accident Insurance
Capital Stock \$250,000—Assets Over One Million
Surplus to Policyholders Over Half Million

Agents wanted in Ohio, Missouri, Kentucky, Michigan,
Tennessee, Kansas, Indiana, Alabama and Florida.

J. R. Jones,
Sec'y & Mgr.

FIRE REINSURANCE TREATIES

**Eagle Fire Insurance Company
(NEW JERSEY)**

**Baltica Insurance Co., Ltd.
(DENMARK)**

Franklin W. Fort

Thomas B. Donaldson

18 WASHINGTON PLACE, NEWARK, N. J.

merly received rates materially over the tariff are being taken up by the newcomers at regulation figures and with the understanding that they will be accompanied or shortly followed by some choice risks as "sweetening." As a concrete example, a \$100,000 excess cover on a prominent Chicago property, the rate on which was 1.95, was carried here last year at 3 percent, the assured being willing to pay the figure in order to complete his line. This year the carrying companies were notified that the renewal had been fully taken care of in Chicago and at the tariff rate. Stories of schedule juggling to get the benefit of lower rates are becoming rather frequent, though how well justified they may be does not appear.

quent, though how well justified they may be does not appear.

LICENSE GENERAL SCHUYLER FIRE

The General Schuyler Fire of Albany has been licensed by the New York department. The company has capital of 20,000 shares of \$10 par, sold at \$25, to create \$200,000 capital and \$300,000 surplus. Officers are V. D. Robinson, chairman of the board; Frank P. Tucker, president; Frederick A. Merigold, first vice-president; Alphonso B. Rust, second vice-president; C. F. Clark, third vice-president; Charles J. Bagley, E. L. Bolton, Albert E. Requa, secretaries; Allyn M. Smith, treasurer.

AS SEEN FROM CHICAGO

BREAK INTO THE OFFICE

Burglars broke into the office of the Fire Underwriters Association of the Northwest on the 22nd floor of the Insurance Exchange in Chicago this week and stole the typewriter and rifled the desk of some small change, stamps, etc. Mrs. Edith Y. Wetmore, assistant secretary of the association, is on a vacation trip in Europe and will not be back until next month.

MURRAY AND JENS RESIGN

William M. Murray and A. M. Jens have resigned from the firm of R. E. James & Co. of Chicago. The company will continue under the personal direction of R. E. James, who is a son of Fred S. James. Mr. Murray, Mr. Jens and Mr. James, all formerly with Fred S. James & Co., organized their agency about three and a half years ago.

DEATH OF JOHN C. PARKER

John C. Parker, who was the office engineer for Keller, Anderson & Co., Chicago local agents, died of heart disease this week. He was formerly an inspector for the Chicago Board and later was an inspector for the Northern Assurance in Cook county. He traveled for the New Brunswick in Illinois and Wisconsin as special agent.

INSURANCE STOCK QUOTATIONS

Howard W. Cornelius of Lewis, Dewes & Co., the investment house of Chicago, gives the following insurance stock quotations:

Stock	Par	Bid	Asked	Div. per Share
Aetna Cas. & S.	100	1125	1175	\$12.00
Aetna Fire	100	830	840	24.00
Aetna Life	100	880	890	12.00
Agricultural	25	130	145	4.00
Alleghenia	50	330	350	10.00
Alliance	10	74	77	2.00
American	100	575	...	16.00
American Auto.	10	65	...	2.00
Amer. Druggist	25	83	86	1.50
Amer. Equit.	5	32	36	1.50
American Re-Ins.	5	28	29 1/2	1.00
Amer. Res., N. Y.	10	64	67	3.00
Amer. Salam.	10	84	90	3.00
Amer. Surety	50	68	72	2.50
Automobile	50	287	295	12.00
Balt. Amer.	100	415	430	...
Bankers & Ship.	10	84	87	1.80
Boston	100	1125	1160	18.00
Brooklyn Fire	25	100	104	...
Buffalo	100	450	...	13.00
Camden	5	31	33	.95
Carolina	10	67	72	1.40
Cent. West Cas.	50	75	82	2.00
Chicago F. & M.	10	17	19	...
City of N. Y.	100	605	...	16.00
Col. Nat. Fire	25	18	22	1.50
Com. Casualty	10	52	55	...
Commonwealth	100	750	...	20.00
Constl. Indem.	10	29	34	...
Continl. Cas.	10	73	75	1.60
Continental	10	82	83	2.00
Detroit F. & S.	50	67	71	4.00
Detroit F. & M.	100	300	350	10.00
Detroit Natl.	25	20	24	1.00
Eagle Fire, N. J.	20	95	100	4.00
Excelsior	5	12	...	...
Federal, N. J.	100	1400	1450	20.00
Federal Surety	25	185	195	5.00
Fidelity & Cas.	25	185	195	5.00
Fidelity & Dep.	50	268	276	8.00
Fidel-Phenix	10	84	86	2.00
Fire Assn.	10	49	51	2.50
Firemen's Fund	25	113	117	5.00
Firemen's	10	48	51	2.20
Franklin	25	370	390	8.00
Genl. Cas. & S.	...	...	50	...

Stock	Par	Bid	Asked	Div. per Share
General Surety	25	150	165	...
Georgia Cas.	10	23	25	1.20
Glens Falls	10	60	63	1.60
Globe & Rutgers	100	2500	2575	44.00
Gr. Amer. Cas.	25	15	20	...
Gr. Amer. Indem.	10	80	85	...
Gr. Amer. Fire	10	48	50	1.60
Great Lakes	10	11	13	1.00
Guaranty Fire	100	215	225	10.00
Guardian	25	107	110	...
Hallifax Fire	10	49	51	5.00
Hamilton Fire	50	350	400	4.00
Hanover Fire	10	84	86	1.00
Harmonia	10	79	82	1.40
Hartford Fire	100	830	840	20.00
Hd. St. Boller	100	760	780	18.00
Henry Clay	10	11 1/2	...	...
Home, N. Y.	100	575	590	20.00
Homestead	10	41	44	...
Hudson Casualty	5	9	10 1/2	...
Import. & Exp.	25	89	94	4.00
Indepen. Indem.	10	26	28	...
Indepen. Fire	10	19	24	...
Insur. Co. N. A.	10	76	78	2.00
Iowa Natl. Fire	100	160	...	8.00
Lincoln, N. Y.	20	90	95	4.50
Lloyds Pl. Glass	100	285	300	14.00
Md. Casualty	25	150	155	1.85
Mass. Bonding	100	550	600	12.00
Merchants, Com.	25	340	370	8.00
Merchants, Pfd.	100	126	...	2.00
Mechanics	25	100	...	...
Merchants, R. I.	50	115	125	...
Merch. & Mnfrs.	5	20	25	...
Metropol. Fire	10	10	...	1.00
Milwaukee Mech.	10	47	49	1.00
Mohawk Fire	25	50	54	...
National Cas.	10	57	60	1.20
National, Conn.	100	1120	1150	25.00
National Liberty	5	94	...	...
National Union	100	310	325	12.00
National Surety	100	208	310	10.00
New Amster. Cas.	10	72	74	2.80
New Brunswick	10	60	64	...
N. Century Cas.	50	...	...	5.00
New England	10	48	53	...
New Hamp.	100	540	570	16.00
New Jersey	20	60	66	1.80
New York Cas.	20	92	94	4.00
Niagara Fire	25	123	124	3.75
Northern	25	128	134	3.75
North River	25	324	334	7.75
N. W. National	25	185	195	...
Occidental	10	27	29	...
Pacific	25	170	...	4.00
Pacific Indem.	50	200	...	...
Peoples Nat.	10	59	61	1.25
Philadel. Nat.	10	24	26	...
Phoenix, Ct.	100	800	815	20.00
Pioneer Fire	20	20	...	...
Prof. Accident	100	560	580	12.00
Presidential	25	29	...	...
Prov. Wash.	100	740	750	16.00
Public Fire	5	26	29	...
Reliance Fire	10	25	27	1.20
Rhode Island	100	340	365	12.00
Rosalia	25	178	180	6.00
Seaboard Sur.	10	20	23	...
Security, N. H.	25	123	130	3.00
South. Surety	10	34	36	1.60
Springfield	25	200	215	4.00
St. Paul F. & M.	25	192	200	4.00
Standard Accl.	50	285	330	6.00
Stuyvesant	100	290	300	6.00
Sylvania	10	27	30	...
Transport. Inde.	10	20	23	...
Travelers	100	105	...	...
United States	10	1565	1580	22.00
U. S. Casualty	100	390	410	10.00
U. S. Fid. & Guar.	50	420	424	10.00
U. S. Mer. & Shi.	100	485	490	8.00
Universal	25	84	89	3.50
Victory	10	25	27	1.20
Virginia F. & M.	25	130	145	4.50
Vulcan Ins.	100	150	...	12.00
Westchester	10	90	93	2.50

1. Rights 3-4.
2. Rights 8 1/2-9 1/2.
3. Rights 8-9 1/2.
4. Rights 243-248.

MEMORIAL COMMITTEES NAMED

President John M. Thomas of the Western Union has appointed Edward Milligan, president, Phoenix of Hartford; George G. Bulkley, president, Springfield Fire & Marine; Fred W. Sargeant, president New Hampshire, and C. R. Street, vice-president Great

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American as a committee to prepare a memorial in tribute to the late C. G. Smith, chairman of the board of the Great American.

The memorial committee for the late E. B. Hatch, secretary of the Western

Union, consists of the ex-presidents: C. R. Tuttle, North America, chairman; John C. Harding, Springfield; A. G. Dugan, Hartford Fire; W. L. Steele, Niagara and C. A. Ludlum, Home of New York.

AVIATION INSURANCE AND THE AGENT

Creating Prospects

UNINSURABILITY is a big factor in aviation risks. By far the majority of risks offered today are not acceptable to underwriters. And at least 90 percent of airplane accidents reported are preventable. Thus it is that the agent's most effective approach is through the avenue of service. On such a basis, indeed, he can actually create his prospects. He can make the uninsurable risks acceptable—working to the mutual benefit of the agent and the operator.

Service Basis Valuable

Often the first approach of those engaged in aviation underwriting has been to help improve the risk. Highly developed engineering corps have been created by these underwriters, merely to extend their services to the institution of aviation, to uninsurable as well as to insurable cases. Barber & Baldwin of New York have a staff of technical experts who inspect equipment and facilities in all sections upon the request of operators, giving advice as to possible improvements which might lead to either insurability or rate reductions. As it is to the mutual advantage of prospect and underwriter, this service has been readily accepted. Many cases have been found where a few definite changes in equipment or operation resulted in bringing the risk up to standard. Also, these aviation experts have often been able to show airdrome and airway operators how to improve their operations from a financial standpoint, their own earnings being greatly increased as a result.

Can Create Prospects

The agent who is sufficiently grounded on aviation can go to his prospects and quickly tell whether the risk is insurable. He can tell whether the advice of technical experts would be advantageous. And he can intelligently offer this service. However experienced and cautious the operator of aircraft or airport may be and however perfected his organization of pilots and technical advisers, there is often apt to be an oversight of some of the factors that go to make for insurability. Those who have approached the matter from the dual interests of aviation and insurance are best able to judge on such matters. The very fact that 90 percent of airplane accidents are preventable is proof of the need for more preventive work on the field and in the air. Proper counsel from those who are watching from the outside may often

be of value. It has so proven thus far and many hazardous conditions have been eliminated upon advice of underwriters—very probably reducing the catastrophe rate even on its present basis. In time this service may very likely lead to lower insurance rates. At present, at least, it makes possible the existing rates, creates prospects and aids in the general development of aviation.

What to Look For

There are many things to study in considering a risk and it is well for the agent to at least recognize the more important. Types of aircraft and engines dates of construction, condition of equipment, capacity of fuel, uses to which the craft will be put, non-stop flights to be made, details of all instruments in the craft, base airport conditions, other craft using the same port, conditions of storage of craft, geographic influences, night-flying facilities, fire prevention items, nature of and character of all personnel, qualifications of all connected with both land and air activities, financial backing, repair facilities, inspection plans, schedule of operations as to craft and pilots, precautions for cargo protection, passenger safety items, salvage facilities under all conditions, radio facilities—these and many other items deserve the close consideration of the underwriter and thus the man in the field.

Need Not Be Underwriter

The agent should not try to become an underwriter, but he can well afford to prepare for the underwriter the necessary information which goes to make up examination of the risk. It is the agent who is on the ground and should be able to pass on the needed information. In the past, the agent has not often been able to do this. As in all other classes of insurance, the underwriters have found too many agents lax in preparing the case. As aviation risks are larger than ordinary risks and the return is proportionately greater, the agent can afford to give more time to the preparation. It is essential, if he is to become an important factor in the business of his community. To the most expert aviation insurance agent will go the bulk of the business and this service program of prospect creation is an important item in the development of the business. (This is the third in a series of articles on aviation insurance, from the standpoint of the agent and broker.)

SOME POINTS THAT LOCAL AGENTS SHOULD CONSIDER IN THEIR WORK

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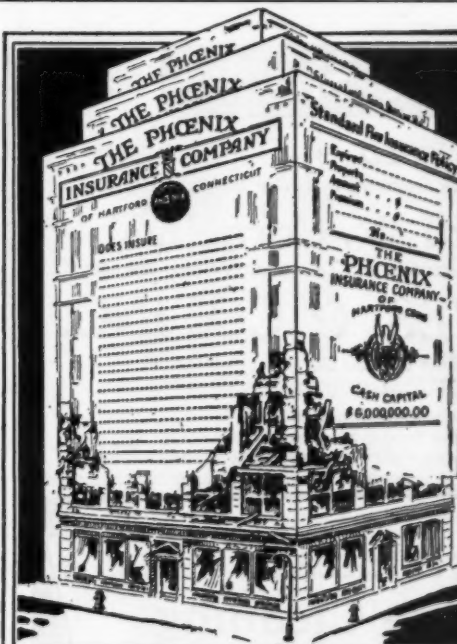
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EVIDENCE COMING IN ON UNDERGROUNDERS

(CONTINUED FROM PAGE 1)

Each of the policies for the Sangamon company was for \$2,500, rate \$3.05, premium \$76.25, plus tax \$2.31, total \$78.56. Those for Cohen & Reinschreiber were for the same amount, rate \$6.60, premium \$165 plus \$4.95 tax, total \$169.95. The assured paid \$150 on premiums amounting to \$654.14. In offering to take up the policies the broker endeavored to charge earned premiums.

Considerable Hopping Around

The policies evidence considerable hopping around by the undergrounders putting them out. All the policies purport to be signed by the Keystone Agency, five of them by Finn Christensen and one of them by W. R. Atkinson. On each policy the place where it was countersigned is left blank. The imprints are those of W. R. Atkinson Corporation (formerly William George & Co.) 1021 Arch street, Philadelphia, Pa., and the Keystone Agency, one at Military Park, Newark, N. J., another at 60 Park place, Newark, and another at 1 Newark avenue, Jersey City, N. J.

The companies involved are L'Activite, of Paris, and the World Star of Cologne, Germany, on both risks, and the Bavarian-Prussian and the Colonial of Portugal, on the Sangamon risk.

Aware of Legal Phases

All that comes to light concerning the undergrounders indicates a careful consideration of the legal phases of their activities. Use of the mails with intent to defraud is punished by the federal law no matter how legal in form the pretended operations may be. All that is necessary is to prove an intent to defraud. These operators apparently avoid use of the mails, as the policies above described, like those that came to light a couple of weeks ago, were delivered in person and not mailed.

Tell of Unpaid Losses

One moderate sized loss in L'Activite is known to remain unpaid. The policy was issued to Harry France, Ben France and Nathan France, of 1511 Milwaukee avenue, Chicago. A fire occurred May 29, and the Western Adjustment handled the loss. The share of L'Activite was \$970.41. Efforts to find some means of collecting this sum have proved unavailing.

Other unpaid losses coming to light are the following: A. Morganstern Garment Co., St. Louis, in the Anchor Insurance & Investment Corporation and in the Liberty Fire Underwriters of Jersey City, N. J.

American Tailors, in the United Mutual Insurance Co. (Liability denied on the ground of alleged delay in notice of fire, although notice and also proof of loss were sent promptly and the adjusters hold the registered receipt for proof.)

Hemple & Co., St. Louis, in the Bavarian-Prussian, the British Commerce, L'Activite, Western Scottish & General, all policies coming out of the Keystone Agency, No. 1 Newark avenue, Jersey City, N. J.

Paint-Rite Manufacturing Co., St. Louis, in the Northern Mutual Insurance, Midland General and L'Activite, placed by the Paramount Agency Co., 16 Branford Place, Newark, N. J.

Floor-Shine Co., St. Louis, in L'Activite.

Discuss Non-Policy Writers

FORT SMITH, ARK., Aug. 29.—At a recent meeting of the executive committee of the Arkansas Association of Insurance Agents, members discussed non-policy-writing agents, and some means of preventing what they termed unfair advantages these agents have, because they are freed from office expenses and overhead, by sending in policies to Little Rock quarters of their company. Allan Kennedy, of Kennedy & Albers said this was the main topic discussed.

TAGGART OUTLINES HIS PLANS FOR THE YEAR

(CONTINUED FROM PAGE 1)

is now seeking a ruling from the attorney-general, upon which to base a departmental ruling.

End Credit Evil

Col. Taggart was emphatic in his expressions on the credit evil in insurance. He is against the extension of credit and said that were it possible, he would put the fire and casualty business on the same basis as the life business, cash in advance. He stated that he will quickly disillusion any agent who believes the premiums collected belong to him and, as evidence of his intent, he cited a current case in which an agent lost his license, even though the company involved had claimed satisfaction. It was a case of delinquent balances which were finally paid before the final hearing, the company then withdrawing further complaint. The commissioner, however, proceeded with the hearing and that agent left the business. Mr. Taggart said that premiums collected belonged to the company and he intended to convince all connected with the business of this truth.

Weed Out Agents

Commenting on the present situation in his state, the colonel said that he stood foursquare on the American agency plan, but that he does not believe its past operations in Pennsylvania have been equitable. He pointed to the fact that there have been over 40,000 agents in the state in the past and said that he did not believe it required 40,000 agents to serve the public of his state insurance-wise. For this reason, he is convinced that his qualification plan is justified and will effect the proper weeding out of the unfit. The enthusiasm which greeted this announcement indicated that the agents again were in hearty support of the commissioner's plans.

Results Thus Far

The results of this plan thus far were shown in statistics presented by Mr. Taggart. In the 10 months of operation, over 15,000 have filed applications and 11,739 have appeared for the examination now required for new connections. Analysis of these figures brought out several interesting points. Of the total, 8,033 were life men, 2,966 being old agents applying for new company connections and 5,067 being new agents. Of the old life men, 245 or 8 per cent failed and of the new men, 902 or 18 per cent failed. Of the total, 1,612 were fire agents and of these 1,033 were old agents applying for new companies and 589 were new men. Of the old men, 67 or 7 per cent failed and of the new men, 59 or 10 per cent failed. Of the total, 2,094 were casualty men and of these 1,196 were old agents and 898 new. Of the old agents, 189 or 15 per cent failed and of the new, 254 or 27 per cent failed.

No Burden to Old

These figures showed that the original objection to the plan, that the old agents would not take the examination, did not hold true. He said that, if in 10 months 12,000 out of the 40,000 agents had taken the examination, it would not be long before all would have taken it and the entire state would be on a qualified basis. He said he would not interfere with those entrenched in the business, but he would check on their further expansion in competition with the new men. His figures also gave evidence that the old men need not fear the inroads of the new, for in almost every case, the new men failed in twice as heavy percentage as the old. This he deemed was the proper weeding out of material.

Also answering the objection that old agents should not be disturbed in this qualification, Mr. Taggart cited two cases from the current week's hearings.

Two agents of nearly 30 years standing in the business had their licenses revoked and have passed from the picture. They had both been found guilty of selling non-admitted policies—and, as the colonel stated, they had passed from the picture for the price of \$2 in commissions in each case. He was emphatic in laying the penalty of the law, however, even though old, established agents, for only in this way can the law be generally upheld. It was evidence that the commissioner was in earnest in his plans and the seriousness with which the agents listened to his presentation of these facts attested to their recognition of his sincerity.

Urges Greater Effort

In closing, Mr. Taggart urged greater cooperation throughout the agency ranks and greater association effort. He congratulated the agents on their present organization, but stated that they should not be satisfied until they had more nearly approached a fair representation of the field. He said that of the 40,000 agents, of course, only about 12,000 were fire and casualty men, but even so, an association membership of 500 was not representative. He said that when the association can come forward with 5,000 or more nearly 12,000 than the present 500, it will then have a powerful voice in the affairs of the state. He said that he is always ready to cooperate in the sound and constructive development of the business and both agents and companies would find him ready to treat with any problem of the business for the best interests of all concerned.

COURT FAVORED AGENT IN INSOLVENCY ISSUE

Moren owned and conducted an insurance agency at his home in London, Ky. The Home of New York, that had been issuing policies on country property withdrew from this territory and Moren got for the Ohio Valley F. & M. the insurance which had been previously given to the Home. The Home policies were reissued in the Ohio Valley. The commissions on this business were divided equally between the two agencies. After this the Ohio Valley became insolvent and was placed in a receiver's hands. At request of the receiver, Moren then took up the policies in Laurel and Clay counties, about 400 in number, by refunding to the holders the amount of the unearned premium, either in cash or reinsurance and issued to them policies in another company. The policies in the Ohio Valley were assigned to him. Held that the laborer is worthy of his hire. In order to take up these policies Moren had to go from house to house and get them. When he gets back the full amount of his claim all he will have for this labor and trouble will be his commissions for writing the new policies. The Ohio Valley, when it pays him, will not pay him any more than the amount it owed the policyholders. Moren, when he paid the policyholders, stood in their shoes and is entitled to demand from the Ohio Valley the amount which the policyholders were entitled to demand from it. Moren vs. Ohio Valley Fire & Marine, Ct. of Appeals, Ky.

Iowa Storm Losses Heavy

DES MOINES, Aug. 29—Last week witnessed the most destructive hail and windstorms of the season throughout Iowa. The north half of the state suffered most severely. While the hail did not cover extensive acreage in any one place, so many communities were visited that the loss has been something terrific. In Washington township, Plymouth county, the loss by hail is estimated at \$150,000. A tornado at a summer resort on Twin Lakes in Calhoun county killed two women, wrecked a score of buildings and did great damage to the growing crops. Insurance companies involved report that the loss of the two storms far surpasses that of the entire season previously.



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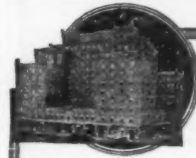
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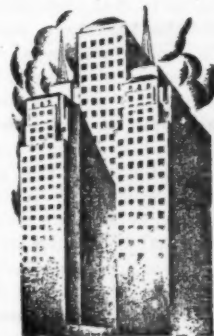
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HOWARD J. BURRIDGE, Associate Editor

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GEORGE A. WATSON, Associate Editor
CHESTER C. NASH, JR., Associate Editor

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London Lloyds and the Banks

THE attorney-general of Michigan has given an opinion to the effect that banks in that state can not legally utilize the facilities of other than authorized insurance companies in writing their bonds and other business. London Lloyds in Michigan as elsewhere has been a very active and aggressive competitor for bankers blanket bonds and other risks originating with banks. Lloyds makes its big bid for bankers blanket bonds. It drove its wedge far into the banking institutions and secured much business of this character until the stock companies met the competition. London Lloyds has been hankering chiefly after excess bonds.

Michigan endeavored to have its law made air tight by the 1927 legislature, making both the purchase and sale of unauthorized insurance a felony and affixing severe penalty for violation. Up to that time the efforts of the state insurance department to check the banks in using London Lloyds were of no avail because there was no penalty provided. Insurance interests have made bitter complaint of the practices of banks in dealing with unauthorized institutions.

After the 1927 law was passed the banks evidently were in a defiant mood and continued to deal with London

Lloyds. Vice-President D. W. BAKER of the DIME SAVINGS BANK, one of the large institutions of Detroit, took the matter up officially with the attorney-general's department, which brings out a very convincing opinion to the effect that the banks cannot legally deal with these unauthorized carriers.

In other states London Lloyds is making similar inroads. It should be the duty of the state associations of insurance agents and the surety underwriters associations to cooperate in securing in the several states a statute similar to that of Michigan which will force the banks to deal with authorized institutions. The banks are most circumspect in regard to financial institutions. They want all safeguards put about their transactions. Nevertheless they do not hesitate to deal with insurance institutions that are not regularly licensed and deprive those that are authorized to do business of the income that legitimately belongs to them.

It is hoped that in due season some concrete program can be devised whereby unauthorized insurance is outlawed entirely from the country and that severe enough penalties are provided so that any corporation or citizen dealing with unauthorized insurance must pay the penalty.

Illustration of Effective Service

PHIL BRANIFF of Tulsa, Okla., one of the poetical, philosophical, humoresque, popular factors in the T. E. BRANIFF COMPANY organization, who gets out that sparkling, inspiring and most readable sheet called the "Tebco Messenger," brought out the other day an exemplification of what service really signifies. It seems that a man moved into PHIL BRANIFF'S bailiwick who had had his car insured somewhere back east in the MARYLAND CASUALTY.

Some agent who represented this company had been on the job, satisfied the policyholder as to the kind of indemnity, and undoubtedly had left an indelible impression as to the quality and character of the service he rendered. The man's claim had been han-

dled satisfactorily. The agent, as PHIL points out, had made a real friend of the policyholder. Therefore, when the policyholder left his old home in Pennsylvania to migrate to Oklahoma, he looked up the agent who represented the MARYLAND CASUALTY, because he felt that all agents of this company must be alike.

This local agent wherever he was had made a friend of this client. It may have been a rather small thing he did. At least the policyholder was given special attention at a time when he needed it. The agent stopped in a busy life, took pleasure in helping one of his policyholders, and the result was the assured was determined to stay with this company. It is not very often that

an assured will seek out a company in this way. PHIL comments on the incident as follows:

"An insurance policy is a contract. The contract calls for certain protection and certain performance. But there are so many things that are not listed in the contract that the company does for the assured. In addition to these things there are other things left for the agent to take care of. The contact, the local service and the changing of the protection to conform to the needs of the assured. That is, of course,

your job 'n mine.

"After that man had left my office, I got a new slant on the word 'service.' It had never occurred to me that some other agent, at some distant point, would hand me a risk on a silver platter. His care of that assured did it. I hope that I may have the pleasure of returning the compliment. Whoever that agent is, wherever his shingle hangs, the public is beating the customary path to his door and he is enjoying a good business. He can't help it."

PERSONAL SIDE OF THE BUSINESS

Frank M. Knapp, widely known insurance man, financier and public official of Warren, Pa., died last week in his home there after a long illness, in his 78th year. He established a general insurance business in Warren in 1883 and continued it until duties of official life into which he later entered compelled his retirement from personal direction of the agency.

Mr. Knapp at various times was a member of his city council, county prothonotary, treasurer of the board of education, chairman of the Warren county Republican committee and a state senator. He was a delegate to the Cleveland Republican convention of 1924.

T. Mitchell Campbell, Jr., state fire insurance commissioner of Texas, died at Austin, Tex., Sunday after a three days' attack of acute stomach trouble. He was 40 years of age and was a son of the late Governor T. M. Campbell of Texas. Mr. Campbell was scheduled to make an address before the National Association of Insurance Agents' annual meeting at West Baden Springs.

Mr. Campbell's death resulted from ptomaine poisoning. His term would have expired Feb. 28, 1929, and his successor, to be named by Governor Moody, will serve until that date. The governor has not indicated who will be appointed. Mr. Campbell was 40 years old.

Victor Roth, president of the Security of New Haven, and Mrs. Roth, accompanied by Walter D. Williams of Rockford, Ill., vice-president and western manager, and Mr. Williams' sister, are on a 10-days' tour through the middle western states, visiting the agencies of the company and observing conditions in the field.

Archer L. Richardson, prominent local agent of Richmond and a former secretary-treasurer of the Virginia Association of Insurance Agents, caught a five-foot man-eating shark the other day while fishing at Gloucester Point. It was necessary to shoot the monster through the head before it could be landed. Mr. Richardson is now having it stuffed and will present it to the Virginia state museum.

C. J. Hershe of Des Moines, special agent for the North America, will be married Sept. 29 to Miss Irma McGowan of that city, who has for a number of years been secretary to J. N. Darling ("Ding"), famous Des Moines cartoonist. She has also been on the stage, as a member of Walker White-side's companies.

Edward Johnson, special agent for the America Fore group in Oklahoma, with headquarters in Oklahoma City, will be married Sept. 11 to Miss Marguerite McDonald of Seattle. The ceremony is to take place in Colorado Springs. After the wedding trip the couple will go to Tulsa where Mr. Johnson will make his headquarters in the future. Mr. Johnson is the son of H. R. Johnson of the Dulanev, Johnson, Yankee & Priest agency, Wichita, Kan.

He has been connected with the America Fore companies for the past five years, having graduated from the insurance course at Northwestern University. Previously he attended Wichita University at Wichita and assisted in the agency headed by his father.

E. W. Congdon, prominent general average adjuster of New York City, died at his home at Cutchogue, L. I., at the age of 61. He was born in England and was a graduate of Port Hope College, Port Hope, Ont. He went to New York in the '80s and joined the Johnson & Higgins office. With this firm he received his early training as an average adjuster. Subsequently he entered the firm of Hayward & Wrecks, which later was amalgamated with Walker & Hughes. When this firm was merged with Peck, Willcox & Co., Mr. Congdon was made manager of the adjusting department, and later was made a director. Mr. Congdon was the author of "Congdon on General Average." He was recognized in legal and insurance circles as one of the leading authorities on the subject of general average adjustments, and for a time was chairman of the Association of Average Adjusters of the United States.

Report comes from Philadelphia that G. F. Krumdick has resigned as superintendent of the Philadelphia office of the General Adjustment. Nothing definite has been given out on this. Mr. Krumdick formerly was a field man in Minnesota, having been state agent of the Liverpool & London & Globe when he went to Philadelphia.

Douglas S. Montgomery, a member of the firm of Fred M. Burton & Co., local agents at Galveston, Tex., who was for four years president of the Galveston Insurance Exchange and has been active in state insurance circles, has just been given the permanent position of organist and choirmaster at Trinity Episcopal Church, succeeding H. T. Huffmaster, resigned. Mr. Montgomery has been substitute organist during Mr. Huffmaster's vacation but will assume permanent duties about Oct. 1. His years of connection with Galveston musical organizations and period of service as organist and choirmaster at Grace Episcopal Church and at the Scottish Rite Cathedral are guarantees of his ability. He is a member of the Scottish Rite Choir and of the Shrine Chanters.

A. G. Chapman and son, James R. Chapman, of the Chapman Insurance Agency, Louisville, played in the father and son golf meeting at the Audubon Country Club, Louisville, a city-wide event. Jimmy Chapman received a prize, one of two awarded the wildest golfers.

The marriage of Charles D. James, son of Alfred F. James, president of the Northwestern National of Milwaukee, to Miss Grace Deere Velie, daughter of Mr. and Mrs. Charles Deere Velie of Minneapolis, will take place on Sept. 15 at the country home of the bride's parents at Lake Minnetonka.



"AMERICA FORE"



By permission of the National Board of Fire Underwriters we reproduce the Fire Prevention Week Sticker and reprint the following from August "Safeguarding America Against Fire."

Since insurance men are in close contact with matters pertaining to fire insurance and fire prevention, they are in an advantageous position to take the leadership in the annual campaign. Progressive agents who engage in this civic work find that it reacts to their credit and often to their direct benefit. In past years they delivered fire prevention addresses, secured the adoption of fire prevention study in local schools, offered prizes for fire prevention essays, made up suitable window displays, used part of their newspaper space in the interests of fire prevention and cooperated in other ways in the course of the program. Now is the time for agents to start the movement for the 1928 fire prevention campaign in their towns!

FIRST AMERICAN FIRE INSURANCE COMPANY

EIGHTY MAIDEN LANE, NEW YORK, N. Y.

ERNEST STEIN, President of the Board
PHIL L. HART, President

CASH CAPITAL — ONE MILLION DOLLARS

NEW YORK CHICAGO MONTREAL DALLAS SAN FRANCISCO

FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

HAVE CUT DOWN TOO DEEPLY

Ohio Field Man Declares Companies Are Turning Down Risks That Should Be Taken

One of the prominent Ohio field men in commenting on the results so far this year in that state declared that in his opinion with the trimming, more rigid underwriting and more high bound restrictions that companies have followed during the last two years it has brought about some conditions that are not desirable. He feels for example that business is being turned down and lines reduced where companies might well have taken the premium income. Agencies have been affected by the rigid conditions. They have switched their business to more liberal companies. He believes that the pendulum has swung too far in the other direction, resulting in companies having their Ohio premium income cut below what it should. He is not an advocate of wide open underwriting. He does feel however that the companies are too panicky and have turned down good business during the last year that should have been taken, and have cut down lines too far on risks that would have passed muster.

Most of the companies show a decrease in premium income in Ohio this year. There is not much actual new business going the rounds. In addition there have been some 15 new companies that have entered the state during the last three months. All these companies are seeking business. The established companies are beating the brush endeavoring to secure more premiums. There is little actual new business in the state. The chain stores have affected business in all localities. Chain store business does not flow through local agency offices. The loss ratio in the state so far this year is fairly high. Some of the non-affiliated companies have become very active and are making a strong bid for business. Altogether the competition in Ohio is exceedingly strong.

Companies are making a heavy drive for the various side-lines and are educating the agents to seek these along with the straight fire insurance.

Carey Returns to Ohio

Harry W. Carey, independent adjuster at St. Petersburg, Fla., and handling many losses there for the Southern Adjustment Bureau, is returning to his native state, Ohio, as staff adjuster at the Columbus office of the Underwriters' Adjusting Company.

Mr. Carey started his insurance career in his father's agency at Lebanon, O., going to the Ohio insurance department as examiner and then in the Ohio field as special agent for the Phoenix of Hartford and Fidelity-Phenix.

Protest Sprinkler Tax

Wheeling, W. Va., property owners whose properties are protected by automatic sprinkler systems have presented a petition to the city council asking that the proposed tax on individual systems be not inaugurated. Several years ago the city made an attempt to tax sprinkler systems but gave over the idea when it was pointed out that such taxes are not imposed in other cities. Wheeling property owners say they install and maintain the systems for fire prevention and that in doing so they manifest public spirit that should be encouraged instead of taxed.

A. L. Votaw, an insurance man of Bellefontaine, O., has been appointed United States weather observer for that section of the state.

FARM BUSINESS TRIMMED

Companies Have Cut Down Materially on Their Ohio Holdings—Globe & Rutgers Is Active

COLUMBUS, O., Aug. 29.—The companies writing farm business in Ohio have trimmed and cut their business materially. In some counties and sections it is almost impossible to get proper farm coverage. The township and county mutuals are writing considerable business. The Western Mutual of Urbana is the only general mutual that is writing much farm business. It has quite an extensive premium income from this class. The Globe & Rutgers has blossomed out in Ohio as one of the leading farm companies. State Agent B. C. Conn of Van Wert has extended the business of the company very much in the state. The Globe & Rutgers is today regarded as one of the best farm companies operating in Ohio. Even with the increased rates the companies are not making a profit. The Ohio Farmers, Aetna, Great American, Home of New York, Continental and Fidelity-Phenix are writing farm business as usual, but are watching the corners very closely. Some companies write it sparingly. The record on farm business in Ohio has been anything but good.

Plans for Cincinnati Meeting

The Ohio Blue Goose will hold its annual meeting, initiation and election of officers at the Gibson hotel in Cincinnati the evening of Sept. 10. A number of company officials will be there. The next noon the ganders will go to Colonel Cody's farm on the Dixie highway in Kentucky. The Ohio field organizations will meet at Cincinnati on Tuesday.

Windstorm Damages Warren

A windstorm which struck Warren, O., last week caused a large amount of damage, the total of which was broken into many small claims. The blow lasted only 15 minutes, but telephone poles and trees in large numbers were blown down and many residences and other structures were slightly damaged. One agency reports that it has received approximately 100 claims, ranging from \$3 to \$150.

Universal Automobile Enters Ohio

The Universal Automobile has just received its license to write full coverage automobile business in Ohio. The Ohio territory will be supervised and serviced by the central west department branch office in Indianapolis, and Ohio agents will report their business to the Indianapolis office.

Carl Dieterly of Cincinnati has been appointed general agent for Hamilton county.

ASSESSMENT LEVIED WAS HELD TO BE VALID

Final orders have recently been issued by W. C. Safford, Ohio superintendent of insurance, closing up the affairs of the Drivers Mutual of Marion, O. The company, which provided general automobile coverage, was taken over by the Ohio department in 1922. Its report for 1922 showed assets of \$43,894 and liabilities of \$35,287. However, it was found upon examination, that its surplus was not adequate. An assessment of one time the annual premium was levied by the department. The case twice was carried to the Ohio Supreme Court, the company first contesting the section of the law giving the depart-

ment the right to take over the company and later attacking the action of the department in levying the assessment.

Ohio Notes

Fire this week caused a loss of \$40,000 in the store of Meyer Lindorf at Newark, O. The loss is said to be covered by insurance.

The Lykins, Crawford county, O., grain elevator was burned this week with 400

bushels of wheat and 10,000 bushels of oats. The loss is \$25,000.

A loss estimated as high as \$100,000 was caused by a storm in northern Ohio a few days ago. Cleveland, Warren and other cities suffered much damage.

Newt Bronson, aged 52, well known as an insurance agent and Democratic politician, was drowned in the Auglaize river at Defiance, O., this week. His coat and hat and a number of papers, it is said, were found on the bank. He was a member of the Democratic state central committee and once ran for congress.

CENTRAL WESTERN STATES

AUTHORITY OF A RECEIVER

Attorney General of Illinois Replies to Inquiry Regarding Status of Reinsured Policies

The Illinois insurance department made inquiry as to status of a company reinsured in another where the latter failed before all the business expired. The attorney general said:

"I have your communications in which you state in substance as follows:

"An Illinois stock or mutual fire company reinsures the business in whole or in part of another fire company required to transact business in Illinois. The reinsuring company having subsequently been placed in the hands of a receiver before all of the business reinsured had expired, would the receiver be obligated to return to the parent company the unexpired business assumed by it."

"Permit me to say that a receiver of an insurance company has the general authority to take possession of the property and acting under the authority and direction of the appointing court may do all things necessary to wind up the company's affairs, which would include the right to sell all of its assets to whom he sees fit, providing the approval of the court is first had. Also, departmental approval where the statute so requires."

Indianapolis Explosion Loss

INDIANAPOLIS, Aug. 29.—A terrific explosion of unknown origin in Indianapolis Sunday evening wrecked the building occupied by the Edward Traugott & Co. clothing store, 215-217 West Washington street, and the Em-Roe Sporting Goods Company, 209 West Washington street, and was followed by fire. One man was probably fatally injured from burns and was found outside the building with his clothing afire and badly bruised after the explosion. Two firemen were hurt in fighting the fire. The damage is estimated at more than \$100,000.

Michigan Hotel Losses

A summer hotel at Topinabee, Mich., burned last week with a loss of \$150,000. This was situated on the south end of Mullett Lake, Cheboygan county, where a number of insurance men have their summer homes.

The Ben Franklin Hotel at Saginaw, Mich., had a \$75,000 fire loss this week. The insurance was written direct by brokers controlling the line and not through local agents.

Indiana Notes

Stephen E. Wilhelm has been appointed manager of the insurance department of the Schloss Brothers Company in Indianapolis. Mr. Wilhelm formerly was state manager of the Davidson-Warren Company of New York City and has operated an insurance agency in the Medical Arts building in Indianapolis.

Henry Hudson, Boonville, Ind., insurance man, was seriously injured when he was crushed under the wheels of an inbound Evansville and Newburg traction car at Evansville. His leg had to be amputated, the muscles having been stripped off the bone to the knee. Mr. Hudson slipped on the wet pavement as he stepped from the car, slowing for a curve.

VACANCY IS NOT FIRE CAUSE

Evidence Shows Building Was Unoccupied But Not That Burning Resulted Therefrom

In Yearnd vs. Northern of New York, Supreme Court of Michigan 217 N. W. 8, the plaintiff brought an action to recover under a policy. The defendant denied liability on the ground that the property covered had been vacant for such a time preceding the fire as to void the policy by its very terms.

The evidence tended to show that at the time of the fire the property had been vacant for nearly a year. However, the evidence did not disclose the cause of the fire, but the policy provided that it should be void if the property were unoccupied for a period exceeding six months unless special permission was obtained from the company. Judgment was rendered for the plaintiff. On appeal the higher court in reviewing the record and in affirming this judgment, said:

"Act No. 264, Public Acts of 1921, provides: 'No policy of fire insurance shall hereafter be declared void by the insurer for the breach of any condition of the policy if the insurer has not been injured by such breach, or where a loss has not occurred during such breach, and by reason of such breach of condition.'

"Defendant contends on its testimony above quoted that it has been injured by the breach, in that it, having no knowledge of vacancy, was denied an opportunity to have reduction of insurance or increase of rate because of the vacancy."

"While defendant may have been injured as claimed, such injury did not cause the fire. The trial judge found that the evidence does not show that the fire occurred by reason of the breach of condition. The finding is not against the clear weight of the evidence, and is therefore conclusive here. . . . It follows that the judgment is affirmed."

Travelers Fire Figures

The Travelers Fire as of June 30 reports surplus of \$2,202,194 compared with \$2,390,156 as of June 30, 1927, and \$2,751,148 as of Dec. 31, 1927. The assets reported were \$14,325,474, compared with \$13,138,639 as of June 30, 1927, and \$14,350,378 as of Dec. 31, 1927. The first six months' income this year was \$4,616,658, compared with \$6,741,852 in the first half of 1927, which six months figures included \$2,000,000 paid in surplus. Total disbursements in the period ended June 30 this year amounted to \$4,592,223, compared with \$3,583,271 in the first half of last year.

Central West Notes

The Sylvania, a Corroon & Reynolds company, has been licensed in Illinois.

J. S. Noble, father of John W. Noble, Indiana state agent of the Security, died last week in Indianapolis, where he was visiting relatives. He had been making his home at Celina, O., and was 82 years of age. The funeral was held Monday morning at the home of his son.

LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

NEAL BASSETT, President
A. H. HASSINGER, Vice President

JOHN KAY, Vice President and Treasurer
WELLS T. BASSETT, Vice President

JANUARY 1ST, 1928, STATEMENTS

ORGANIZED 1855 FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

ASSETS	LIABILITIES	CAPITAL	NET SURPLUS	SURPLUS POLICYHOLDERS
\$40,000,136.83	\$19,459,279.01	\$7,500,000.00	\$13,040,857.82	\$20,540,857.82

ORGANIZED 1853 THE GIRARD F. & M. INSURANCE COMPANY OF PHILADELPHIA, PA.

\$6,000,966.28	\$2,930,594.84	\$1,000,000.00	\$2,070,371.44	\$3,070,371.44
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ORGANIZED 1854 MECHANICS INSURANCE CO. OF PHILADELPHIA, PA.

\$4,828,245.29	\$2,820,808.68	\$600,000.00	\$1,407,436.61	\$2,007,436.61
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ORGANIZED 1866 NATIONAL-BEN FRANKLIN FIRE INS. CO. OF PITTSBURGH, PA.

\$4,907,721.63	\$2,557,216.60	\$1,000,000.00	\$1,350,505.03	\$2,350,505.03
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ORGANIZED 1871 SUPERIOR FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$4,835,369.35	\$2,520,317.56	\$1,000,000.00	\$1,315,051.79	\$2,315,051.79
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ORGANIZED 1870 CONCORDIA FIRE INSURANCE CO. OF MILWAUKEE, WIS.

\$5,250,424.26	\$2,567,447.92	\$1,000,000.00	\$1,682,976.34	\$2,682,976.34
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ORGANIZED 1886 CAPITAL FIRE INSURANCE CO. OF CONCORD, N. H.

\$760,298.04	\$375.00	\$300,000.00	\$459,923.04	\$759,923.04
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TOTAL OF ASSETS
\$66,583,161.68

TOTAL OF LIABILITIES
\$32,856,039.61

TOTAL NET PREMIUMS
\$25,684,495.78

WESTERN DEPARTMENT

844 Rush Street
Chicago, Illinois

H. A. CLARK, Manager

Assistant Managers
H. R. M. SMITH

JAMES SMITH JOHN R. COONEY

EASTERN DEPARTMENT

10 Park Place

NEWARK, NEW JERSEY

CANADIAN DEPARTMENT

461-467 Bay Street

TORONTO, CANADA

MASSIE & RENWICK, Limited,
Managers

PACIFIC DEPARTMENT

60 Sansome Street

San Francisco, California

W. W. & E. G. POTTER,
Managers

LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

STATES OF THE NORTHWEST

REPORT FIRE LOSSES LOWER

Minnesota Wind Experience Poor—No Final Figures, as Adjustments Are Not Complete

ST. PAUL, Aug. 29.—Fire losses so far this year in St. Paul and adjacent territory have been about normal and probably somewhat less than last year. Wind losses, however, have been greater than last year, although they are not regarded as above the average for a period of years.

Such is the estimate of general agents and field men who have compared the figures of this year with those of the past. There have been no severe fire losses in St. Paul or the surrounding territory so far this year, whereas last year St. Paul had a record-breaking run of large fires the first six months.

Capt. John Townsend of the insurance patrol calculates the fire losses in St. Paul the first seven months of 1928 at \$333,268, against approximately \$1,000,000 the first seven months of 1927.

C. A. Dossdall, secretary of the St. Paul Fire & Marine, says that, while wind losses this year will make a poor showing compared to last, the total for the state will not be much above normal. Up to and including Aug. 1 there were three rather severe wind storms in the state and, while all the losses have not been adjusted, they will run into a considerable sum.

There have been no heavy fire losses outside St. Paul, but a large number of small losses have been experienced, according to C. H. Ludwig of the New York Underwriters. A recent \$100,000 school fire at Brainerd and a \$50,000 fire at International Falls were about the largest.

A favorable showing has been made so far this year in Minnesota on automobile fires. It is too early as yet to estimate hail losses. Most of these have come in the last two or three weeks. Firemen generally report business as satisfactory this year.

Get Central States Fire

Dobbert-Pottratz of Milwaukee have been appointed Wisconsin general agents for the Central States Fire. The Carolina is also represented by the agency on the same basis.

Blue Goose Golf Tournament

MINNEAPOLIS, Aug. 29.—Fifty-two members of the Minnesota Blue Goose failed to be intimidated by somewhat rainy weather and held their golf tournament as scheduled, while approximately 65 Blue Goose ladies played bridge during the afternoon.

W. J. Tippery, state agent for the Aetna, copped both low gross and low net scores and also incidentally won the Higley cup. The cup becomes the possession of Mr. Tippery for one year. He shot a 78 gross to win with a handicap of 9, making it a score of 69. Clarence Mitchell of the General Inspection Bureau took second place with a net 70. Austin Fields of the General Inspection Bureau was third with a net 72, while Frank Barney of Barney & Barney took fourth with a score of net 73.

The prizes were awarded at the banquet which followed the tournament and at which Thomas G. Linnell of Enck & Linnell, most loyal gander, acted as toastmaster. The banquet was followed by dancing.

Austin Hard Hit by Tornado

AUSTIN, MINN., Aug. 29.—The tornado which struck this city last week did property damage of close to \$1,000,000. Besides damage to business property and homes in Austin, there was immense damage to crops, buildings, silos, windmills and stock on farms in the path of the tornado. A \$10,000 relief fund has been raised and work of reconstruction is going on.

APPRAISAL ISSUE COMES UP

North Dakota Supreme Court Hands Down Decision on Qualified Concurrence of the Umpire

Fire Appraisal.—When qualified concurrence of umpire vitiated appraisal. This was an action upon a policy of fire insurance. Defendant appealed from a judgment for plaintiff. It appeared that after the refusal of an appraiser to submit a matter of difference to the umpire, the remaining appraiser and the umpire appraised the loss and executed an award. The umpire qualified his concurrence by a written statement indicating that he agreed to the value of the stock in its then present condition, with the method of the appraiser signing the award and, assuming that the inventory was as found by the appraiser, in the estimate of loss and damage.

Held, that the judgment for the plaintiff must be reversed. The qualified concurrence was not a finding by the umpire that the sound value of the property insured was, in fact, the inventory value. Held, further, where through the mutual fault of the insured and the insurer, or without the fault of either, an appraisal fails, and where a new appraisal is not possible, the recovery under an insurance policy is limited to such loss or damage as may be established by independent evidence, and the option of the insured to take all or any part of the articles insured at an ascertained or appraised value, or to replace, is not available. Held, further, that a clause in an insurance policy securing to the insurer the right of inspection by requiring the insured to exhibit all that remains of the property "as often as required," but which specifies no time during which the right to inspect shall be available, must be construed as providing for a reasonable time for inspection, and that, in the circumstances disclosed, the time within which the right of inspection was available was not unreasonable. Siegel vs. Ins. Co. of North America, Supreme Court of North Dakota.

Confer on Madison Ordinances

MADISON, WIS., Aug. 29.—Madison insurance men were invited to confer with the fire and water committee of the council for a discussion of ordinances relating to buildings within fire zones. Three ordinances now are on the books, and it is proposed to combine them into one. The proposal has also been made to extend the regular fire zone limits, with the stipulation that within this district all buildings to be erected should have fireproof exterior walls. In the super-zone, which embraces all property around the Capitol square, buildings must be constructed of fireproof materials exclusively.

Loss on Manufacturing Plants

MILWAUKEE, Aug. 29.—A three-alarm fire caused a loss estimated between \$75,000 and \$100,000 to three firms at 681-691 Third street. The fire started on the second floor in quarters occupied by the Cream City Lamp Shade Company, wiping out its stock.

The firemen fought to keep the flames out of the Merit Furniture Company and Mailahn-Walters-Buetow Co., furniture repairers and baby carriage makers. The fire patrol succeeded in covering most of the stock of the two companies. The patrols spread 345 covers in adjoining buildings.

Storm Loss at Yankton, S. D.

Great loss of property and some personal injury was felt when a windstorm, the first of its kind to strike that city, hit Yankton, S. D., last week. The wind was terrific and uprooted trees, tore the chimneys off of buildings, broke in plate glass windows and took the roof off the

new high school building, and causing damage to the one building around \$10,000. It is estimated that over \$50,000 damage was done in this one town. Gayville was also hit, as were Mission Hill and other towns in that vicinity.

Minnesota Notes

Carl F. Liskey, indicted by the Hennepin county grand jury on a first degree arson charge, pleaded not guilty and bail was fixed at \$10,000. Trial has been set for Sept. 10.

Thomas G. Linnell of Enck & Linnell, Minneapolis, most loyal gander of the Minnesota Blue Goose, left Minneapolis Aug. 26 as delegate to the grand nest meeting at Montreal.

Rosser J. Willis, member of the York-Willis Agency, St. Paul, has just been

elected governor of the Minnesota-Dakota district of Kiwanis, with which organization he has long been active. He is a former president of the St. Paul Kiwanis Club.

Dakota Notes

Quite a severe hail storm struck the country around Canton, S. D., causing considerable damage to the corn crop.

D. L. McCoy, grand custodian of the Blue Goose, left Sioux Falls Aug. 25 for Montreal, where he will attend the grand nest meeting.

Funeral services for T. E. Pritchard, Milwaukee local agent, who died at his home there after a long illness from heart disease, were held Friday and the body was taken to Fond du Lac, Wis., for burial.

IN THE MISSOURI VALLEY

LAUNCH NEW IOWA COMPANY

Western Fire & Marine Organized With \$200,000 Capital—Headquarters in Des Moines

DES MOINES, Aug. 29.—Des Moines will soon add another insurance company, with an authorized capital stock of \$200,000, to the 43 now located here. The Western Fire & Marine has been launched by a group of Des Moines and Iowa insurance men. The home office will be on the sixth floor of the Hubbell building and the company will begin to write all kinds of fire insurance just as soon as the sale of stock has been completed.

Jay A. King, veteran insurance executive, who has been head of the Western Grain Dealers Mutual Fire here for the 21 years of that company's existence, will be president of the new organization. I. C. Edmonds of Marcus, Iowa, will be vice-president, and D. O. Milligan of Des Moines will be secretary-treasurer. The board of directors includes the officers and F. D. Milligan, Jefferson; Clifford C. Belz, Conrad; P. J. Harvey, Gowrie, and N. S. Beale, Tama.

President King said the company will write tornado and other allied lines in addition to fire. Iowa and surrounding states will constitute the territory of the company. A meeting of the directors will be held in Des Moines within the next ten days to make plans for the sale of stock.

Sue Under Fire Policies

Suits against the Palatine for \$7,590 and against the Manhattan Fire & Marine for \$5,960 under fire policies covering the Roselle hotel have been filed in the St. Louis Circuit Court by the Bradford Shinkle estate, owner of the former hotel, which was destroyed in the September, 1927, tornado. The owner claims fire followed the storm and that the hotel was damaged to the extent of \$30,361 by fire. The property was valued at \$74,785 and was insured for \$60,000. The companies denied liability, holding that the tornado had destroyed a material part of the building and thus had voided the fire policies.

Fire Prevention Demonstration

Plans are being made by the Kansas State Fire Prevention Association and the Kansas Inspection Bureau for an extensive fire prevention display at the annual meeting of the League of Kansas Municipalities to be held in Kansas City, Kan., Sept. 4-7. A fire prevention booth will be sponsored by the Kansas Inspection Bureau with E. J. Stewart, chief engineer, in charge. Harry K. Rogers of the Western Actuarial Bureau will put on an exhibition fire department drill with a view of impressing on city officials present the value of fire department drill work.

V. E. Herbert, secretary of the Kansas State Fire Prevention Association, urges all members of the association to attend the demonstration. Kansas City, Kan., had a high per capita fire loss last year and the demonstration is expected to benefit the local situation as well as the entire state.

IOWA PROGRAM ANNOUNCED

President J. R. Vaughan Has Rounded Out a Splendid Series of Talks for Local Agents

President John R. Vaughan of the Iowa Association of Insurance Agents has announced the program for the annual convention to be held at Cedar Falls, Sept. 10-11 as follows:

Monday, Sept. 10

7:30 a. m.—Registration, Black Hawk Hotel.
9:30 a. m.—Musical program.
9:45 a. m.—Greetings, Roland F. Mermer, city attorney.
Response, John I. Petty, vice-president. Report of Secretary-Treasurer, Joseph R. Anderson.
Report of Executive Committee, C. H. Kissick, chairman.
Report of Legislative Committee, R. M. Evans, chairman.
President's Message, J. R. Vaughan, Waterloo, Iowa.
Address, "Needed Legislation," Otto F. Lange, Dubuque.
Adjournment for luncheon.
12 noon—Local Board Luncheon.
J. J. Shepard, president of Cedar Rapids Board, presiding.

Afternoon Session

1:30 p. m.—Musical program.
1:45 p. m.—Convening hour.
Question box.
Discussion: "Weighed in the Balance" or my ideal for the other.
"If I Were a Local Agent," A. M. Upham, State Agent L. & L. & G.
"If I Were a Field Man," D. M. Kelly, Cedar Falls.
Sales Demonstration.
Address, "Farm Insurance," E. O. West, Centerville.
Address, "Our Neglected Lines," E. L. Sanders, Waterloo.
Address, "Office Efficiency," E. M. McKinney, Des Moines.
Open Forum, "Agency Problems," S. T. Morrison, presiding.
Discussion.
7 p. m.—Banquet.

Tuesday, Sept. 11

7:30 a. m.—Membership Breakfast, Executive Session.
9 a. m.—Question Box.
Address, "Marine Insurance; Its Use and Abuse," F. B. Wrecks, Home of New York, Chicago.
Casualty and Surety Conference, P. J. Clancy, Des Moines, presiding chairman. Entertainment for visiting ladies to be announced later.
Address, "National Association of Insurance Agents," W. E. Harrington, Atlanta, Ga., president.
Reports of Committees.
Election of Officers.
Open Forum—The Iowa Association of Insurance Agents, President Elect, Leader.
Afternoon given over to committee meetings.
Regular sessions will be held in Empress Theater.

Urges Fire Prevention Activity

DES MOINES, Aug. 29.—In a bulletin regarding fire prevention and conservation sent out recently by the Iowa Association of Insurance Agents to 8,500 agents in Iowa, attention was called to

the fact that a committee on this subject has been established by the association with John P. Montrose of Des Moines as chairman.

The bulletin asked that members of the association cooperate with the committee in making suggestions to the Iowa Fire Prevention Association for co-operation between the two organizations in carrying out a program for 1928 to accomplish the following: Lower loss ratio for Iowa; a building code for every town; an ordinance against wood shingle roofs in every town; fire prevention week in October; make school buildings safe and extend prevention to the farms.

Joins Olmsted Agency

DES MOINES, Aug. 29.—A new member of the Olmsted general agency here is Pusey McGee, formerly a local agent at Council Bluffs, Ia. Mr. McGee will represent the firm as a special agent in Iowa for both fire and casualty lines. He founded the McGee Investment Company of Council Bluffs ten years ago.

Hail Fund Off 60 Percent

LINCOLN, NEB., Aug. 29.—With only 469 policies in force and premiums of \$20,486, the hail insurance business conducted by the state of Nebraska dropped off approximately 60 percent in 1928 as compared with the year before, when 1,265 policies were written with premiums of \$51,786.

Payment of 85 cents on the dollar on losses last year is the explanation presented by Commissioner Dumont for drop in volume. The writing of policies was brought to a close Aug. 21 but the insuring period extends to Sept. 15.

In 1927 the losses adjusted amounted to \$7,256, but payment was made on only 85 percent and out of the premium receipts and surplus of \$14,000 carried over from 1926, only \$1,725 was left in the fund after the losses and expenses for 1927 had been paid.

Rating of Wichita

WICHITA, KAN., Aug. 29.—The reinspection and rating of Wichita, which has been conducted by the Kansas Inspection Bureau for the past 12 months, is now practically completed and the new rates are soon to be published, the card system to be used. No change in fire protection classification was made in Wichita as the large increase in population has been offset by extensive improvements on the part of the city and the water company. New water mains have been laid throughout the congested district, nearly 100 new hydrants have been installed, a Gamewell fire alarm system has been completed, additional men have been added to the department, fire protection ordinances have been revised and effected, a new Ahrens-Fox 1,000 gallon three-way pumper was purchased for central station and only recently bonds were voted for an additional fire station in the congested wholesale district of the city.

Due to the rapid growth of Wichita during the past five years it was at first thought impossible for the city to hold its fire protection classification as graded by the National Board, but through the efforts of the fire prevention committee of the Chamber of Commerce, the Wichita Insurers and other interested parties it has finally been worked out.

Central Kansas Field Club

WICHITA, KAN., Aug. 29.—The regular weekly Monday luncheon meetings of the Central Kansas Field Men's Club will be resumed Sept. 10. Meetings have been abandoned during July and August. This meeting will be the first under the jurisdiction of the new officers. The club has a membership of 40, nearly all members of the Blue Goose.

Montgomery Addresses Agents

WICHITA, KAN., Aug. 29.—George M. Montgomery, manager of the Wichita office of the Western Adjustment, spoke before the Wichita Association of Insurance Agents at its regular bi-weekly meeting. Mr. Montgomery explained the function of his organization and offered its services to the agents in coverage matters as well as loss adjustment. Most of those present pressed the speaker with questions regarding adjustments and the meeting proved very beneficial to the membership.

H. A. Blinn, branch manager of the Kansas Inspection Bureau, has been asked

to explain "Rent Insurance" at the next regular meeting. Weekly meetings are to be resumed Oct. 1.

Better Rating for Eldorado

E. J. Stewart, chief engineer of the Kansas Inspection Bureau, has notified W. F. Benson, city manager of Eldorado, Kan., that the passing of certain fire protection ordinances, together with a new pumper and adequate water supply already provided, will entitle the classification to be advanced from National Board 7th class to 6th class. It is probable that the ordinances will be adopted so that the bureau will rate the city this fall, allowing credit for the improved protection.

Missouri Notes

The First National Realty Company, Webster Groves, Mo., has been named a No. 3 agent for the Travelers Fire.

Fire Aug. 26 destroyed the building and contents of the farmers cooperative store in Unionville, Mo. The contents were valued at \$40,000 and building at \$35,000.

Collins Brothers' shoe store, Mexico, Mo., was destroyed by fire early last week with a loss of \$25,000. Three other fires in Mexico over the week-end raised the total loss to \$35,000.

Fire due to spontaneous combustion swept the four-story building occupied by the Schlueter Manufacturing Company, 4616-30 North Broadway, St. Louis, Aug. 24, causing damage estimated at \$100,000 to the building and contents.

Harold C. Simon, 4155 North Newstead avenue, St. Louis, operating a corporation composed of Harold C. Henry W. and

Roland Simon, has been appointed a No. 2 agent for the Great American. The business will be supervised by the Crane Agency.

Kansas Notes

The Kansas Inspection Bureau has published new rate books for Columbus, Newman and Highland.

Frank L. Travis, president of the Commonwealth Fire & Marine of Kansas City, Kan., and former insurance commissioner, was defeated in his recent campaign for the Republican nomination for lieutenant-governor of Kansas.

Vernon Steenrod, who has been connected with the Wichita office of the Kansas Inspection Bureau during the summer, will return to Chicago Sept. 10 to complete his work in fire protection engineering at Armour Institute.

H. A. Blinn, branch manager of the Kansas Inspection Bureau at Wichita, addressed the regular meeting of the members of the printing industry in Wichita last week on "The Development of a Fair Selling Price."

Charles L. Sherman, formerly with the mill and elevator department of the Hartford Fire, has been appointed insurance manager of the McNaughten Investment Company, Hutchinson, Kan. A. W. Estes, former manager, has resigned to return to the grain business, being associated with his father in a chain of line elevators through southwestern Kansas.

Harmon Holt of Topeka has been selected to enter Armour Institute from Kansas this fall to enroll in the fire prevention engineering course, having been granted the scholarship of the Kansas Inspection Bureau. For the past year he has been connected with the Topeka office of the bureau while attending Washburn College.

STATES OF THE SOUTHWEST

DALLAS OFFICIALS CRITICIZED

Texas Commissioner T. M. Campbell Calls Attention to Lack of Cooperation in Water Main Controversy

City officials of Dallas, Tex., were scored last week by Fire Insurance Commissioner T. M. Campbell, Jr., in one of his last official communications, for not cooperating with the state insurance department.

A difference of opinion exists relative to installation of steel water mains in Dallas. Commissioner Campbell recently notified Dallas authorities that if unapproved mains were installed the key rate of Dallas would be increased 5 cents.

In the first extended official statement issued by Commissioner Campbell concerning the controversy, he declared that his decision to hoist the key rate if steel mains were laid is not arbitrary, but is based on the key rate schedule for Texas, the key rate of every town in Texas being worked out on this schedule.

"We have used our best efforts to render service to Dallas, and I hope that this controversy will end in bringing about a better understanding between Dallas and the insurance department of Texas," the commissioner said, "and I will welcome the day when a real spirit of friendly cooperation exists."

Through A. C. Hutson, acting chief engineer of the National Board, however, that organization expresses itself as knowing no reason why welded steel pipe for the water mains may not be used. "No penalty should attach for such use," Mr. Hutson said. The opinion of the National Board is not binding on the Texas insurance department, but Dallas city officials are hopeful that the opinion will avail as an argument against the department.

Texas Notes

Slaton, Tex., has voted a bond issue of \$15,000 and let contracts for a new fire station which is to be modern in every particular.

The Texas-Oklahoma Inn at Sherman, Tex., was destroyed by fire Wednesday afternoon, with loss of \$12,000, partly covered by insurance. Adjoining buildings also sustained heavy damages from the fire which started in the kitchen under the floor and had enveloped the interior in flames before the fire fighting equipment arrived.

FORT WORTH LOSSES LOWER

Local Agent There Discusses Insurance And Loss Conditions in Texas Field

One of the leaders in the local agency field in Fort Worth, Tex., calls attention to an inaccuracy in a recent reference to the loss situation in that city. He says:

"In this story it is stated that for the first seven months Fort Worth loss approximated \$700,000, an increase of 100 percent over the same period in 1927. Whoever wrote this story most certainly did not attempt to obtain the facts. The actual fire loss for Fort Worth for the first seven months of 1928 was only \$302,560, while the loss for the same period in 1927 was \$668,544. As you will note, this is a decrease of 50 percent instead of an increase of 100 percent, as your Dallas correspondent stated."

City Has Excellent Record

"For your information, Fort Worth has a very efficient city fire prevention bureau. Out of this bureau a corps of inspectors works every day under the direction of the manager of the bureau. An experienced arson detective gives all of his time to suspicious losses, working under the direction of the manager of the bureau. The Fort Worth Insurance Underwriters' Association, the local exchange, has always been and is now active in fire prevention and co-operates with the city fire prevention bureau in every manner toward reducing the fire loss. You probably are aware that Fort Worth has been designated one of the honor cities in fire prevention work for the last two years by the United States Chamber of Commerce in connection with its Inter-Chamber Fire Waste contest.

"Also, you probably know that the National Fire Protection Association selects an honor city in each state for outstanding fire prevention work. For this past year Fort Worth was so honored by the National Fire Protection Association. I might also add that there has not been a mercantile loss of any consequence in Fort Worth to this time.

"It is my opinion, also, that lack of cooperation on the part of the insurance companies has been the cause of a good majority of the fires that we have

had already this year, as well as for years past. In making this statement, of course, I do not want to condemn all of the companies, yet at the same time I am not in a position to single any particular ones. But in any event, I will give you some of the facts. Without question a number of fires in Fort Worth, and I might add, in most Texas cities, are caused by excessive loans protected in full by insurance policies. I know of several cases in this state, where men who had no knowledge of the insurance business whatsoever, had made loan connections and followed the practice of making loans on property far in excess of its real value. Reputable local agencies would refuse to issue policies in equal or greater amount than the loan. This naturally resulted in such loan men obtaining company connections for the purpose of writing their own insurance, as it was not possible for them to make a loan unless an insurance policy protecting it was issued.

Specific Cases Cited

"These several cases I refer to, I know now to be in the hands of the loan companies, which are endeavoring to dispose of numerous pieces of property that they have had to foreclose on; that is, of course, those that have not burned down in the meantime. Of course the original men who made the first connection are out of the picture. They made their loan commissions and their insurance commissions and moved on to another city, to further carry on this class of work. As long as the insurance companies will persist in planting with persons who desire company connections for the sole purpose of being able to make excessive loans, excessive fire loss can only be expected."

Must Enforce Law

OKLAHOMA CITY, Aug. 29.—The supreme court is the last word in determining the constitutionality of a law enacted by the legislature, and state officials should enforce the law, or at least not question its authority, until finally passed upon by the court. This rule is laid down in an opinion from the attorney general to A. L. Roark, secretary of the state insurance board, who cited an instance where the Grady county attorney advised the secretary that he had withheld action against an insurance agent because the county attorney thought a section of the statute of 1923, concerning insurance companies and agents, was unconstitutional. The section in question has to do with punishment of agents selling insurance in unauthorized companies.

"No act of the legislature should be considered void unless and until an appellate court of the state holds it so," the attorney general said, in his letter to the secretary of the insurance board.

Texas Notes

Loss of \$60,000 was caused by two South Dallas fires. The Fuller Supply Company and a two-story residence were the burned structures.

Thirty-five motor trucks were burned, all the buildings and contents of the Dallas Transfer & Warehouse Terminal Company's plant were razed and two firemen seriously injured by fire which caused more than \$50,000 damage. Frequent explosions from the tanks of stored motor trucks endangered the lives of the fire fighters.

HAIL INSURANCE IS A LOSER FOR THIS YEAR

Companies writing hail insurance in the central west so far have come out fairly well in Montana, the two Dakotas and Minnesota. Canada has been for the most part a losing venture in hail insurance this year. The heaviest losses, however, occurred in Kansas and Oklahoma. No money will be made on hail insurance in 1928. Nebraska had a poor record in some sections but the companies probably broke even there. Colorado, Wyoming, Texas, Oklahoma and Kansas are all in the red. The crops are rapidly being harvested in the northwest and the companies will soon have no liability left outside of hail insurance that is carried on corn.

IN THE SOUTHERN STATES

BANK AGENCY CASE WATCHED

Action Taken Probably Will Result in Test of Commissioner's Right to Cancel Company's License

COLUMBIA, S. C., Aug. 29.—While Sam B. King, insurance commissioner of South Carolina, has not formally handed down his decision following the hearing relative to the revocation of the license of the Firemen's of Newark, the general feeling here is that the revocation will stand and that the decision to be given by Commissioner King will merely set forth his reasons for canceling the license of this company to do business in South Carolina.

The hearing was held a few days ago on the question of unlicensed insurance agents representing the Firemen's in this state, the commissioner having learned, he says, that 88 policies had been written by these agents. The commissioner at once imposed a fine of \$500 for each alleged violation of the law. The fines have not yet been paid. These agents, Commissioner King says, had been refused licenses to do business on the ground of their bank connections.

The commissioner not only imposed the fine but also revoked the license of the company the agents represented, and in the main it was on this point that the hearing was held. The decision will be handed down in a few days. Some time ago commissioner King held a hearing relative to so-called bank agencies newly established and formulated a ruling in which he decided against such agencies.

Last March Commissioner McMahan, who retired shortly afterward, learned that citizens in Spartanburg to whom he had issued agents' licenses were conducting an agency for the Bank of Commerce and notified them that they should turn in their licenses. The licenses were not returned, and when Commissioner King took office they were not renewed. The commissioner was urged to renew them but refused. Later the commissioner was notified that the agency was issuing policies in the Firemen's of Newark. This fact was reported to the attorney-general, who brought suit against the Firemen's to collect as a penalty from the Firemen's \$500 for each policy issued.

It is reported that a representative of the agency told the commissioner the agency issued policies after April 1 under instructions from W. D. Crawford, special agent of the Firemen's. Commissioner King announced to the Firemen's and its special agent that he would revoke their licenses on Aug. 23 unless they showed reasons why he should not. Neal Bassett, president of the Firemen's, conferred with Commissioner King on the matter and then retained counsel to take care of the Firemen's interests. The belief is general that the company and the special agent acted as they did with a view to testing the commissioner's power to revoke licenses in cases such as this one.

Richmond Exchange Publicity Plan

RICHMOND, VA., Aug. 29.—Employment of a series of articles to be written by the different members on subjects relating directly to the education of the general public on insurance and especially stock insurance is recommended by the publicity committee of the Insurance Exchange of Richmond as an inexpensive means of publicity. A number of possible topics were included in the committee's report submitted at the last meeting of the exchange. In conjunction with these articles it was suggested that a series of newspaper advertisements might be employed.

It was suggested that possibly the stock fire companies doing business in Richmond would be willing to contribute to the cause of advertising stock insurance and its agencies in the city.

FLORIDA AGENTS GET A SCARE

Saw Their Pet Project of Insurance Course at the State University on the Wane

TAMPA, FLA., Aug. 29.—Florida agents got a shock some weeks ago when the board of control of the state university refused to approve the plans for insurance courses in the college of commerce and journalism after it had been arranged for with the faculty and \$2,000 raised to tide over the first year. State association officers got busy showing how much taxes insurance pays to the state, and in many other ways its importance. For the coming year the \$2,000 contributed by the agents and companies will carry the cost. After that it will be added to the regular budget. This is what the board kicked about, but finally agreed to endorse when all the arguments of the agents were finally made manifest. "It handed us a scare, however," said President Earl Freeman of the Florida Local Underwriters Association, "and we had to get busy with all the big guns at our command."

Dr. C. W. Wassam of the University of Iowa has been appointed to the insurance professorship in the University of Florida and reports Sept. 7, financed by agents and companies, is to begin operations this year.

Courses are announced in property insurance, fire, marine, bond, title and casualty; life insurance, social insurance, theory of risk. The department, The Florida controversy with the Public Fire which became acute at Miami some weeks ago, is being prepared for submission with the general docket on the case at the national convention of insurance agents in September. The report will show a decided instance of branch office tendency. In the meantime the Florida leaders are loading up with everything they can lay hands on in opposition to the movement for they sure feel that it has great possibilities of trouble.

RICHMOND BOARD REJECTS PUBLIC FIRE'S PROPOSAL

RICHMOND, VA., Aug. 29.—The Insurance Exchange of Richmond, has adopted resolutions approving the action of the National Association of Insurance Agents, through its president, in advising the Public Fire of Newark that the establishment of such offices as have been opened in Miami, Fla., and are contemplated in Richmond is in violation of the branch office and policy-writing agency resolutions which have been previously adopted by the National association. The exchange also affirmed a resolution of its board of directors interpreting its by-laws as prohibiting any member of the exchange from placing business with the Public Fire under the plan as recently submitted by its state agent, Louis T. Miller. It was announced that the state association would be asked to place its seal of disapproval on the plan through action by its executive committee.

The resolutions were adopted by the exchange by unanimous vote, no dissenting voice being raised against them. So great was interest manifested in the matter that practically the entire membership was present at the meeting.

Earl S. Gwin Dies

LOUISVILLE, Aug. 29.—Earl S. Gwin, president of the Lincoln Bank & Trust Co., Louisville, which also operates a local insurance agency, died Saturday night at Battle Creek, Mich., where he had been ill in a sanatorium for several weeks of heart trouble.

Mr. Gwin would have been 53 years of

age Sept. 7. He started as a messenger for the Second National Bank of New Albany, Ind., and became its president. He resigned in 1914 to become president of the American National Bank, Louisville, and later of the merged American Southern National Bank. He became vice-president of the National Bank of Kentucky a few years later when some five banks were thrown into one and three years later, in 1922, resigned to accept the presidency of the Lincoln Bank & Trust Co.

Mr. Gwin was president of the Indiana Bankers Association in 1911 and 1912, and of the Kentucky Bankers Association in 1924.

Louisville Office Installed

LOUISVILLE, Aug. 29.—The Western Adjustment has completed its new branch office in Louisville, at 1163-71 Starks building. Frank B. Nelson, formerly of Louisville, has returned to the city from Des Moines, Ia., as manager, and will have associated with him C. A. Smith of Cape Girardeau, Mo.; George Peet, Jr., from Terre Haute, Ind., and J. B. Knight and Ben P. Gray, who have been connected with the Southern Adjustment Co., Louisville division.

Joe K. Nelson, assistant general manager at Chicago, is in the city in connection with formal opening of the office as of Sept. 1.

Young Opens Adjustment Office

LOUISVILLE, Aug. 29.—Hugh W. Young, who for several years has managed the Southern Adjustment Company Louisville office, has sent out a letter

announcing that with the suspension of Louisville operations of that organization on Aug. 31, he is taking over the office and will hereafter operate as an individual adjuster under his own name, handling adjustments for the companies. The Southern Adjustment Company will accept no assignments for adjustments after Aug. 31, at which time the Western Adjustment enters this field.

Inspect Richmond, Ky.

FRANKFORT, KY., Aug. 29.—Representatives of the state department of fire prevention and the Kentucky Actuarial Bureau have been in Richmond, Ky., for the purpose of inspecting business houses with the view of removing fire hazards to reduce the individual fire insurance rates. W. E. Rogers and R. K. Cain of the department of fire prevention and rates, and W. H. Bronston of Lexington, branch manager of the Kentucky Actuarial Bureau, were on the job and report that they received fine cooperation.

Kentucky Notes

The Rochester American and Brooklyn Fire, both of New York, have been admitted to Kentucky.

The insurance agency at Lagrange, Ky., formerly operated by Charles Guthrie Yager of that city, has been transferred to W. A. Wheeler.

The little town of Fairview, Ky., near Hopkinsville, was virtually wiped off the map Aug. 24, when an early morning fire burned three stores and a residence, loss being estimated at \$15,000, with virtually no insurance. There was neither water or fire protection, not even an organized bucket brigade.

ON THE PACIFIC COAST

BIG WAREHOUSE SPRINKLED

Hawaiian Pineapple Company Building in Honolulu Said to Enjoy Lowest Fire Rate in Island City

The new office and warehouse building of the Hawaiian Pineapple Company is the lowest rated building in Honolulu. This fire insurance rate was secured first through careful construction of the four-story reinforced concrete building, and second by the installation of an automatic sprinkler system. The total effect has been that instead of paying 35 cents per \$100 for fire insurance, the company pays only 8 cents.

This sprinkler system has been installed not only with a view to its efficiency but with an eye to its artistic effect. Set at carefully estimated intervals in the ceiling of each room are what appear to be little bronze ornaments. These are automatic sprinkler heads of the type known as the Grinnell silica bulb sprinkler, and work on the principle that when a fire starting in a room causes its temperature to rise to 135 degrees Fahrenheit, the liquid in the silica tubes expands to such an extent that it bursts the tube and automatically releases the water from the pipe to which the sprinkler head is attached. The sprinkler head is so constructed that it throws water in a wide circle. The heads are located in the ratio of one to every 100 square feet or less, and this guarantees that the water will reach a fire wherever it may originate in the building.

Maginnity in Brokerage Firm

SAN FRANCISCO, Aug. 29.—H. J. Maginnity, who resigned as manager of the Insurance Brokers' Exchange of San Francisco last December, has become a partner in the brokerage firm of Hyams & Mayer. The name of the firm has been changed to Hyams, Mayer & Maginnity. Since leaving the Brokers' Exchange during the height of internal friction among two contending factions seeking control, Mr. Maginnity has been traveling through South and Central America and eastern United States. He is well known throughout insurance and business circles in San Francisco, having been an executive in the Chamber of Commerce and the Community Chest prior to entering insurance.

WOULD REDUCE FIRE WASTE

Fire Marshal Lee of Oregon Starts Aggressive Campaign Following Heavy Losses in July

SALEM, ORE., Aug. 29.—Aroused by the severe fire losses in Oregon, outside of Portland, the first seven months of the year, and particularly in July, when over \$1,000,000 in property values were destroyed, State Fire Marshal Clare A. Lee has inaugurated an intensive and aggressive statewide campaign, in cooperation with the fire chiefs and municipal authorities of the state, to reduce the conflagration hazard to the minimum and to increase the efficiency and equipment of the fire fighting organizations to the maximum. The total losses for the seven months' period will exceed \$2,500,000.

With 10 fires of major proportions in different parts of the state outside of Portland, representing a destruction of property values aggregating \$977,000, July stands out as one of the most severe conflagration months in the state's history. For the seven months 36 fires of this classification exacted a toll of \$1,845,000. The losses from fires causing damages of less than \$10,000 would probably add \$500,000 more.

The total loss in Oregon, including Portland, for 1927, according to the state fire marshal department compilations, was approximately \$5,000,000. This represented a reduction in fire waste in Oregon from 1926 of 43.8 percent and a reduction of 48.9 percent from the average yearly loss for the previous five-year period. Portland's losses for 1927 were \$731,275.

Reviews Veterans' Board Insurance

SAN FRANCISCO, Aug. 29.—At the annual convention of the California department of the American Legion, the California State Veterans' Welfare Board gave an explanation of its attitude on the fire insurance question, which caused such a furor among board agencies for several months. After considerable discussion back and forth the business was finally lost to the board agents and placed with the National Union and Merchants of New York under blanket policies. These companies made a special rate of 75 cents for five years, whereas

the board rate was that much for three years.

A complete report of the controversy was given at the Legion convention by John R. Quinn, former national commander, American Legion, in which the position of the two boards was explained. This report, after reviewing conferences with Pacific Board members and their decision that they could not offer any reduction, declares that the contract "in the opinion of every unprejudiced insurance expert consulted, is the best coverage protection ever secured in California."

General to Have Auxiliary

President H. K. Dent of the General of Seattle announces that it is organizing a second new fire insurance running mate which will commence business Jan. 1. It will have a capital of \$1,000,000 and net surplus of like amount. It will be operated by the American Insurance Agency of Seattle, which is a subsidiary of the General. The General of Seattle also operates the General Casualty. The stock of the new fire company has practically all been sold to present stockholders of the General and some other northwest business men. The General already has the Western of America, a fire insurance running mate.

Close Seattle Branch Office

LOS ANGELES, Aug. 29.—The Seattle branch office of I. M. Fisher of Los Angeles, Pacific Coast general agent for the Eureka-Security Fire & Marine, has been closed pending improvement in fire insurance conditions in Washington. The company will continue to operate in Washington, the business being reported by agents directly to the Los Angeles office.

Chief Ryan Retained

As a result of misunderstanding and difficulties which arose between the Redwood City (Cal.) chief of police and Mark E. Ryan, chief of the city's fire department, following a recent fire, Chief Ryan tendered his resignation. The city council, however, refused to accept the resignation, which refusal was strengthened by the appearance of prominent citizens of the community who demanded that the chief be retained. Chief Ryan, who has devoted much of his time and

energy and who serves without pay, is credited with having developed one of the finest fire departments in that territory. He is president of the Pacific Coast Association of Fire Chiefs.

Deputy Fire Marshals on Tour

SALEM, ORE., Aug. 29.—Deputy State Fire Marshals George W. Stokes and E. A. Taylor left Salem this week for eastern Oregon, where their scheduled itinerary will include Hood River, The Dalles, Pendleton, La Grande, Baker, Heppner, Condon, Arlington, Fossil, Milton-Freewater, Bend and other points. Upon completion of this tour it is planned to assign them to other territory and the campaign will continue until the entire state has had the benefit of their expert advice and services. The fire chiefs are working in enthusiastic harmony and cooperation with the program and substantial beneficial results are hoped for.

Magee to Reenter Business

SAN FRANCISCO, Aug. 29.—Joseph F. Magee, one of the veteran fire general agents on the Pacific Coast, who retired several months ago after selling out his interests to the Western States Fire Insurance Agency of San Francisco, has found retirement irksome and is planning to reenter the business in the very near future. It is understood that Mr. Magee has completed negotiations with two well known fire companies and will again be active "on the street" in San Francisco within the next 30 days.

Coast Notes

F. R. Sagle has been appointed special agent for the Lumbermen's Mutual Casualty and Central Manufacturers Fire and will hereafter cover Washington and Oregon for those companies.

Frank J. Agnew, who was seriously injured by a bear while in Yellowstone National Park several weeks ago, is still in Providence Hospital in Oakland, Cal. He is reported to be progressing favorably, however, and it is expected he will be removed to his home this week.

Robert F. Boyd of Los Angeles, for the past two and a half years editor of "California Constructor," a semi-monthly publication owned by the Southern California Chapter of the Associated General Contractors, has resigned to enter the general insurance and surety bond field as a free lance broker. He is associated with Frank E. Rowsey, the new firm being known as Rowsey & Boyd.

ried to a satisfactory conclusion through the cooperation and assistance of Commissioner Taggart. Permit me to say here, however, that charges must be well founded and the party making the accusations should be willing to appear before the commissioner at a hearing of the case, or nothing can be accomplished by the insurance department or our association.

"I wish to call your attention to the work some of our directors and members are doing for the betterment of public relations. We have 10 members on the insurance committee of the state chamber of commerce, six of whom are on our board of directors. Quite a number of members have been instrumental in having an insurance council established by their local chamber of commerce and I beseech you to extend this work in your community.

Need for Organization

"It seems to me there never was a time when an efficient agents' organization was more needed than now and it seems advisable that it be composed of local boards in all cities and towns in the state, membership in the local board automatically carrying membership in the state and national associations. Quite a number of local boards are now operating this way. This matter will be open for your consideration and discussion.

"Several new local boards have been organized and several boards reorganized during our membership campaign.

"This organization work demands so much time and traveling that your officers and directors would have to make a great personal sacrifice to do the work necessary in the time it should be done. It is not fair to them to expect them to make this sacrifice. We should have a field secretary or manager, who could devote his entire time to the work, thereby taking a great amount of detail work away from the offices of the president and secretary, and build an association of at least 1,500 members. This secretary or manager could be started at once if the members would complete the extension fund which was started two years ago."

Would "Energize" New England

HARTFORD, Aug. 29.—An effort is being made by the New England council to cooperate with the insurance interests of New England in connection with their undertaking to "energize" New England. With insurance of such prime interest in New England, the council realizes that it should have the hearty cooperation and interest of all insurance executives, and endeavor to bring about such contact is being attempted at the present time. A conference was held in Hartford last week by R. W. Boidon, research secretary of the council, with Col. Frank D. Layton, vice-president of the National Fire, and Clarence T. Hubbard, assistant secretary of the Automobile. The officers of the council will arrange in the future to meet the presidents of all the Hartford insurance companies.

Incorporate Baltimore Agencies

BALTIMORE, Aug. 29.—Incorporation papers have been filed by several companies anxious to enter the insurance business. The list includes: Hayden Roberts & Co., Calvert building, Baltimore; incorporators, Daniel A. Dorsey, Barnabas B. Hadfield, Jr., and Walter J. McNichols.

William T. Karow Company, 507 First National Bank building, Baltimore; incorporators, Edward Hubbard, William T. Karow and Jarrett M. Sheridan, Jr.

The State Security Insurance Company, 1706 First National Bank building, Baltimore; incorporators, Reuben Oppenheimer, John H. Skeen and J. C. Gutberlet.

Eastern Notes

Maury, Donnelly, Williams & Parr of Baltimore have added the Fidelity-Phenix to their companies. The Fidelity-Phenix has been represented by the Riell-Jackson Company since 1911.

William A. Trombley, Jr., formerly with

a Buffalo investment banking house, has opened a general insurance agency in Kenmore, a Buffalo suburb, with temporary offices at 86 McKinley avenue.

Dudley Chipley Barrow, 40, of the Copeley-Barrow Insurance Agency, Lowville, N. Y., died at his home after a week's illness of pneumonia. He went to Lowville in January, after having been vice-president and manager of the Pensacola (Fla.) News-Journal Company. He had been in the insurance business in Hoosick Falls after his war service.

"Insuring Hartford's Traditions" is now the job of many Hartford insurance men who are sponsoring a drive to raise funds to perpetuate the home of Mark Twain in Hartford. J. C. Gorton, general agent for the Connecticut General Life, is one of the leaders. Other insurance men playing important roles are T. D. Faulkner, Willard Rogers, C. T. Hubbard and Fred Williams.

NEWS FROM CANADA

PLAN AMALGAMATION IN WEST

W. C. F. U. A. to Consider Merger With Automobile Organizations of Three Western Provinces

WINNIPEG, Aug. 29.—The Western Canada Fire Underwriters' Association, at its annual meeting in Winnipeg Sept. 6, will consider amalgamation with the three automobile underwriting associations of Manitoba, Saskatchewan and Alberta. The Western Canada Insurance Underwriters Association is the name proposed for the new body, which would have jurisdiction over fire and automobile lines in the three provinces. There would be two divisions, however, each with its chairman, vice-chairman and executive committee, and these would form a joint executive for the general business of the organization.

British Columbia is separate, but a similar amalgamation was effected there some months ago. In Ontario and Quebec in recent years the automobile and other casualty lines have been brought together, though fire is separate.

Heavy Loss in Nova Scotia

A spectacular fire at Ingramport, N. S., caused the loss of four residences, a general store, a warehouse, several out-buildings, a wharf and between 4,000,000 and 5,000,000 feet of lumber. Ingramport is about 20 miles from Halifax, and the fire raged for several hours, the sky for a radius of 30 miles round being lit up by the flames. The work of combating the fire fell for the most part on the forest rangers in the vicinity, but assistance was also summoned from Halifax. The monetary loss is placed at about \$400,000, most of which was sustained by the Royal Securities Corporation, which had purchased the lumber. The fire originated in the general store, but its exact cause is not known.

Black Trophy Golf Competition

WINNIPEG, Aug. 29.—The "Black Trophy" golf competition is now coming into an interesting stage. W. H. Hurd of the General Accident meets A. T. Davies of Black & Armstrong, while E. C. Ryans, Jr., meets A. G. Mackie of the Western Canada Fire Underwriters Association in the semi-finals. The tournament was held up considerably by rain during the summer, making it impossible to play.

W. C. F. U. A. Team Wins

WINNIPEG, Aug. 29.—In the fire insurance division of the Financial Softball League, the Western Canada Fire Underwriters Association emerged as winners of the second series over Oldfield, Kirby & Gardner in a closely contested game by 2 to 1. Oldfield, Kirby & Gardner were the winners of the first series, so these two teams now meet to decide the winning team in a series of three games. The winner of these games will then meet the leaders of the trust, loan and brokers division of the league to decide the championship of the city.

Luncheon for Harris at Winnipeg

WINNIPEG, Aug. 29.—A luncheon was tendered Friday by the Manitoba Blue

NEWS FROM EASTERN FIELD

EXCESS BROKERAGE REFUSED

Philadelphia Agencies Now Take Only as Much from Broker as They Can Place Themselves

PHILADELPHIA, Aug. 30.—According to reports along the street, reports which have been confirmed in many cases, the day when offices would accept excess brokerage is at an end. Offices, which in the past would accept business from the broker and then in turn broker the business they could not handle in their own office, are now accepting only the business they can handle and making the broker take care of placing his own excess brokerage.

The reason for this move, it is said, lies in the high acquisition cost which is being keenly felt by Philadelphia agents. General agencies have discovered that it was costing them money to place excess brokerage.

"The offices have found," said one prominent agent, "that when they accept excess brokerage and then send one of their clerks out to place it, all that they receive is the broker's commission, which they have to turn over to the broker. In turn, they discovered, they had the expense of the clerk's loss of time in addition to the bookkeeping expense. And they found that the cost of placing excess brokerage practically ate up their commission on the business they were able to handle themselves.

"When a broker now desires to place his business, he finds that the offices takes only what they can handle and then tell him to place the rest himself."

MATTSON TELLS YEAR'S WORK

Retiring President of Pennsylvania Association Reviews Activities at Hazleton Meeting

HAZLETON, PA., Aug. 29.—In his presidential address before the convention of the Pennsylvania Association of Insurance Agents held here last week, G. W. Mattson of Harrisburg, retiring president, said in part:

"You have been advised through the 'Pennsylvanian' of the major accomplishments during the year; the Erie school case, the Public Service Commission case, and the automobile fleet case of Marsh & McLennan and the United States Steel Corporation. These occupied a great deal of your directors' and officers' time as the Public Service Commission case required several conferences in Harrisburg and New York, while the Marsh & McLennan case required several hearings at the office of the insurance commissioner. The Erie case was handled by the men at Erie, but received a great deal of consideration by your directors and is not ended, as the mutual companies are taking it to a higher court.

"The major activity of the last two months and at the present time is the membership campaign which is being so ably conducted by A. S. Galland, chairman of the membership committee, and Mr. Doescher of the National association with the assistance of the directors and officers.

"There were quite a number of cases of unethical practices taken up and car-

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Goose in honor of Grand Supervisor J. Charles Harris of San Francisco, who was en route to Montreal to attend the grand nest meeting. Accompanying Mr. Harris were Gander Buchanan and Mrs. Buchanan of San Francisco. Other guests attending the meeting were Ganders McLeod and Lawson of the Vancouver pond, as well as delegates from the Alberta pond. The guests were taken in tow by the Manitoba ganders and shown round the city before their departure east.

Canadian Losses Compared

According to the "Monetary Times," fire losses in Canada for the week ending Aug. 15 are estimated at \$544,600, as compared with \$614,500 for the corresponding week of 1927. Losses from Jan. 1 to Aug. 15 are estimated at \$12,374,500, as compared with \$11,908,800 from Jan. 1 to Aug. 17, 1927.

Canadian Board of Northern

MONTREAL, Aug. 29.—The directors of the Northern Assurance and of the London & Scottish announce the addition to their Canadian board of W. R. Miller, senior member of the firm of R. Moat & Co., stock brokers, Montreal. The other members of the board are H. B. Mackenzie, chairman; C. E. Neill and E. C. Pratt, all prominent bankers, and Norman J. Dawes, president of National Breweries.

New Directors of Trans-Canada

MONTREAL, Aug. 29.—Narcisse Perodeau, lieutenant-governor of Quebec; Armand Chaput, a director of La Banque Canadienne Nationale, and Victor Marchand, a member of the Quebec legislative assembly, have been elected directors of the Trans-Canada.

New Canadian Licenses

The Assecuranz-Union von 1865 has been licensed to write fire insurance in the Dominion of Canada. A. E. Dawson, who is president of the Toronto Casualty, Fire & Marine, is chief agent. The Pearl Assurance has been registered to write fire and casualty business in Manitoba.

Canadian Notes

The Calumet Underwriters of the National Union of Pittsburgh has withdrawn from the western Canada field.

James Hamilton, managing director of the Yorkshire, is touring Canada, accompanied by Mrs. Hamilton and by P. L. Monkman, Canadian manager.

License to write automobile insurance has been granted to the British Oak Insurance Company, Ltd., by the British Columbia insurance department.

Fire which broke out in the basement of the Waller Block, an apartment block in Winnipeg, destroyed two floors completely. The damage was estimated at about \$25,000, only partly insured.

Two warehouses belonging to the Middlesex & Elgin Farmers Cooperative Association, containing grain, coal and other supplies at Belmont, Ont., were destroyed by fire with loss of about \$20,000, on which insurance of \$14,000 was carried.

MOTOR INSURANCE NEWS

PROTEST BUFFALO CITY PLAN

Some Agencies Object to Proposed Method of Awarding Insurance On City's Automobiles

BUFFALO, Aug. 29.—Considerable opposition is being expressed among agencies here relative to the plan of the Buffalo council to award the insurance on 436 city owned automobiles in all departments except fire. Councilman Joseph W. Becker, himself a member of the insurance firm of Gurney, Overturf & Becker, is chairman of the council's special insurance committee and sponsor of the proposed plan.

The city proposes to receive on Sept. 10 bids for coverage on all of the municipally owned vehicles mentioned. But the successful bidder will receive only 25 percent of the total premiums to which he would be entitled. The council committee will tell him how he is to dispose of the other 75 percent of the premiums led by directing him to award certain portions of the coverage to other agencies. Some who have contemplated bidding say this is little more than a handout to "friends of the council" and have indicated they will not bid, although it is thought there will be plenty of proposals when the day named rolls around.

Mr. Becker defends the plan as being similar to one in use in Erie county, of which Buffalo is a part, and denies the contention of some agency men that the new city charter implies at least that each department head shall place his own insurance, as heretofore. Mr. Becker says the move is in the interest of economy and efficiency.

Some agents are considering a plan

to appear in a body before the council and to urge it to consider confining its activities to legislative rather than administrative functions.

Drive Is Highly Successful

An unusual record of writing automobile business on straight canvass and an indication of what every local agent can do to increase his yearly business by way of the automobile line, is the record made by the Walter V. Fort agency of Waco, Tex. In 30 days this agency, without any connections with a financing organization or any other kind of loan organization, insured 252 automobiles. None of this business ever had been on the agency's books before. In commenting on the drive Mr. Fort said: "It simply shows what an agency can really do by specializing on any one line. The drive proved so successful and profitable to us that we will continue it for this kind of business at all times."

Club Founding Reciprocal

An effort is being made to organize a reciprocal in the Automobile Club of Nashville, Tenn. Under the plan, Charles L. Cornelius, prominent Nashville lawyer, is to be attorney-in-fact.

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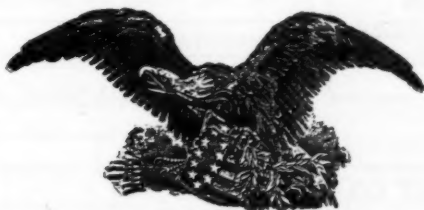
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MARINE INSURANCE NEWS

OWNER ENTITLED TO RECOVER

"Lost or Not Lost" Policy Clause Holds Even Though Vessel Was Lost

In *Prendergast vs. Globe & Rutgers*, Court of Appeals of New York, 159 N. E. 183, the plaintiff was the owner of a steam tug, and let it out by charter. The charterer agreed to have the tug covered with marine insurance, and the next day told the plaintiff that insurance had been placed on the tug. At this time the plaintiff relied on the statement that the tug was covered, when in fact it was not.

However, on Oct. 24, 1924, the charterer obtained a binder covering the tug, but about three hours before the binder was issued the tug was sunk in the Erie Basin at Buffalo. The binder as issued carried a clause that it should cover the tug "lost or not lost" from noon on a certain day for a term of one year.

Did Not Know Company

When the plaintiff was notified of the loss of the tug he did not know the name of the company carrying the insurance. As soon as this was ascertained he gave notice of the loss. The insurance company denied liability, and the plaintiff brought the instant action to recover. The lower court dismissed the complaint. The plaintiff carried the case up on appeal, and the higher court in reviewing the record and in reversing the judgment, said:

"Ordinarily, contracts of insurance are conditioned upon the existence of the subject of insurance at the time the policies are written. . . . It is otherwise of marine insurance when the policy expressly insures a vessel 'lost or not lost.' . . . In such cases the assured may have a recovery, even though the vessel be lost before the contract was entered into. . . . Con-

versely, the insurer may recover a premium promised, where a vessel insured 'lost or not lost' has safely completed the journey against the perils of which it was insured. . . .

Plaintiff Not Aware

"In this case the plaintiff was not aware that the policy in question was about to be written. He had been informed and believed that insurance had been written before the loss, but was unaware of the name of the insuring company. Under the circumstances shown by the present record, there was no call for him to proceed with extreme diligence.

"He knew of no situation which required information of loss promptly to be given in order that insurance might not be written. As the facts appear, he did all that a reasonably prudent man would have done. He made immediate attempts to telephone the charterer which, according to the plaintiff's advice, had effected the insurance, to learn the name of the insurer, but his efforts were unavailing. Under the circumstances, the complaint should not have been dismissed.

"The judgment should be reversed and a new trial granted with costs to abide the event."

St. Lawrence River Loss

BUFFALO, N. Y., Aug. 29.—Frank Moore of the Buffalo office of Browning & Wells has gone to the Straits of Belle Isle in the lower St. Lawrence river to represent the underwriters in what promises to be one of the largest marine losses of the year. The steamer "Queens County" has gone ashore there and is reported in a bad position, with seas breaking over her and threatening to cause serious if not total loss. The British government tug "Lord Strathcona" was assigned to give all possible aid to the stranded steamer. Mr. Moore planned to stand by to look after the underwriters' interests as long as he is needed.

SCHOOL INSURANCE PLAN PROMULGATED

(CONTINUED FROM PAGE 2)

bring this about policies are issued in this manner:

\$1,000,000 for one year—renewed for five on expiration.
\$1,000,000 for two years—renewed for five on expiration.
\$3,000,000 for three years—renewed for five on expiration.
\$1,000,000 for four years—renewed for five on expiration.
\$1,000,000 for five years—renewed for five on expiration.

Initial Cost Heavy

Of course, the initial cost is heavy but after the first year the school district pays one-fifth of the total five year premium annually and at the same time gets the advantage of term insurance. (A year's premium is saved if five-year policies, payable in advance, are taken.) In case perpetual insurance is desired provision can be made therefor under this plan the same as for all other insurance, by setting aside each year the proper proportion until the desired amount of perpetual insurance is obtained.

8—Then a list is made of the agents to participate in the insurance. The safest way is to select the agents maintaining full time offices and divide the entire line equally between them. The men handling the insurance should be given an extra allotment for their trouble. The insurance is given to each agent as a direct line and his bill is paid by the board.

Agent Distributes Form

9—Then a form is made up and the insurance agent distributes copies to

the agents designated. Some agents write one-year policies, others two-year, etc., but all are renewed for five years, so that the distribution is fair. All forms on all policies read exactly alike.

10—Then all previous policies are cancelled, usually pro rata, and the return premiums credited to the new insurance account. In the event of perpetual insurance being in force, such policies need not be cancelled but can be endorsed to make them concurrent with the others and the amount deducted from the total amount of insurance which is for distribution.

11—All policies are sent to the insurance representative for checking and then filed with the board.

12—When rate changes are made or endorsements required, the insurance representative supervises it.

13—All losses are supervised by the insurance representative.

Three Sections Added

At a meeting in the rooms of the Insurance Federation of Pennsylvania, this plan was thoroughly discussed, section by section, by 35 special agents and company representatives. At the meeting the following three additional sections were incorporated into the plan:

14—The insurance representative also checks over all other forms of insurance, such as compensation, public liability, boiler, engine, automobile and surety bond.

15—The insurance representative arranges for educational talks on fire prevention during the year.

16—Plans for all new buildings and additions are submitted to the insurance representative.



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DIFFERENTIAL TOO SMALL

Difficulties in Way of Correction Through Rates — Argument Against Present Credits

Coinurance credits in the west are under attack from two different angles. Some months ago the governing committee of the Western Union officially brought them to the attention of the subscribers' actuarial committee. One group among the companies contends the differential is not great enough between the coinsurance and the no-coinurance rates. Another declares coinsurance credits are now too great, meaning that rates are inadequate after coinsurance credits are applied. The disagreement between these two views is only superficial, the former group contending that the rates without coinsurance should be raised so as to allow a bigger differential, and if necessary put high enough to raise the net rate after application of the increased credits.

Some companies attach so much importance to the coinsurance clause that they cut their net lines in two where it is not used. In certain cases they will go so far as to decline the line without coinsurance. They know they will get stung in case of loss. There have been several instances lately in which the insurance loss was total or nearly so, while the actual loss was nominal compared with the values. The problem is to find some way to prevent the assured from "beating the game."

Big Exposure to Loss

The evil is greatest on fireproof risks. In a frame mercantile or special assured knows as well as the companies that the loss may easily be total. He carries enough insurance without urging, in most cases, and, on the other hand, the company is not in much danger of being caught with partial losses that eat up the insurance. Thus the coinsurance credit is small. In risks of fireproof construction, however, experience has shown that there may be any number of small losses and few big ones. Thus the insured with a low percentage of insurance to value can cover all probable losses and save on premiums. So far as the insurance is concerned, however, every dollar of value is exposed to loss. In effect, the insurance covers several risks for one premium, because it is exposed to loss on values that are several times the amount of insurance.

Credits go as high as 64 percent for 90 percent coinsurance on fireproof risks under best fire protection. That is, the rate drops as low as 36 percent of the published tariff if 90 percent is carried. One would think this a sufficient inducement, but apparently it is not on some risks. One company manager who thinks both criticisms of the credits are without remedy says the trouble is in the selling. The agent may be unable to convince the assured that the insurance with the coinsurance credits is a good purchase, but he believes the occasional failures cannot be overcome by more rules.

One of the cases cited is the Bettendorf risk at Davenport, Ia. This is not a fireproof risk, but one of good character. It was offered with \$185,000 specific on the erecting shop without coinsurance. Underwriters have estimated the value of the building as \$1,500,000

at a conservative figure, giving not more than 12½ percent of insurance to value. At a rate of \$1.14 the premium on \$185,000 would be \$2,109. With a 70 percent clause, the lowest one offering a credit on such a risk, the required insurance would be \$1,050,000 and the premium \$9,576 net, after deducting the 20 percent credit. A 90 percent clause with 30 percent credit brings the insurance required to \$1,350,000 and the premium to \$10,773.

The value is eight times the insurance. In other words, the insurance is exposed to loss on \$8 for each one on which premium is paid. It is all in one area, about 2,100 feet long. Although there is a wooden roof and wooden "Texas," there is a chance that under good protection a fire will be stopped somewhere in that great length, but underwriters would hardly expect to see it stopped before the insurance was wiped out. Yet under present rates and rules there is no way to make the assured pay the additional \$8,500 a year that would protect the entire building to the extent of 90 percent and give the companies a chance.

The trouble with increasing the differential so as to induce coinsurance is that larger credits on present rates cannot be given. It is already complained that the rates with coinsurance are too low. As a matter of fact, the published rates contemplate about 75 or 80 percent insurance to value on ordinary risks, but of course somewhat lower on the better structures. Thus the coinsurance credits scrape bottom as it is. Therefore to increase the differential it would be necessary to raise the published rate. It has not yet been demonstrated that a rate increase can be obtained in states where the companies are sinking money.

Compulsory Clause Far Off

Nothing but compulsory coinsurance will ever equalize insurance costs as between risks. Making it compulsory, however, is a long ways off in the west. It is not so long ago that it was outlawed. In most of the western states it is still permitted only on sufferance. Political considerations will make changes in the laws difficult. As long as assureds can "beat the game" they will oppose amendments to statutes to require the carrying of equitable amounts of insurance.

With the sound remedy classed among the impossibilities, the problem is to find the best means possible of equalizing insurance costs. If risks could be treated individually it would be easy to lay down conditions that would force adequate insurance. With the necessity of applying schedules impartially, however, both sides must be looked at before changes are made.

Prejudice Against Clause

It is pointed out, for instance, that in Iowa the prejudice against the coinsurance clause is still deep. There are great numbers of risks that actually carry 75 or 80 percent insurance but refuse the coinsurance clause, even though it carries a rate credit. To increase the no-coininsurance rate so as to be able to give bigger credits would hit these risks hard. Their outcries might bring a new wave of anti-coininsurance laws.

On the charge that coinsurance credits are already excessive an analytical argument is made based on the expense element. It is pointed out that the "overhead" expense is about \$3 per policy. When a premium is reduced by coinsurance credits this expense is not reduced but becomes an excessive charge against the reduced premium and so absorbs so much of the premium that the remainder is inadequate to meet the loss cost.

There is a difference of opinion on this argument. One underwriter points out that his lines are cut in two where there is no coinsurance. If his normal line is \$10,000, it is cut to \$5,000 if the coinsurance clause is left off. Thus his premiums will run larger with coinsurance than without, and consequently the \$3 overhead is a smaller part of his coinsurance premium, instead of a larger.

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Dealers in Temptation

(An Editorial)

If MONEY is the root of all evil, Satan must have a multitude of branch offices. Think of all the banks there are.

They look tempting even from the outside. High school boys, envying the lucky mortals so cozily caged, yearn toward such golden imprisonment. (Fine hours--nine to three.) Common citizens, wondering whether the teller will remember them, have their imaginations stirred by the bundles of bills he juggles and counts so dexterously. And, time out of mind, slinking gentry with fishy eyes and no respect for other folks' property have plotted to possess that stacked wealth.

"So much paper; so much hardware," the banker may tell you if you ask him how the men behind the grilles feel about the money. "They handle money the same way a mason handles bricks. It's what they work with."

However, grocery clerks have been known to feed their families from the shelves, and the mortality in machine shops among portable tools is astonishing. You know they let girls selling candy eat all they want, so they will stop wanting any.

Perhaps, after all, it's the banker himself to whom the money becomes paper and bricks. He is the one who is dealing in it as a commodity. He buys it, sells it and rents it. He sees a

smoothly-working machine receiving it and weighing it out and rendering monthly statements for it. He can't think mean, suspicious things about the men who are such reliable, valuable helps to his business.

Yet, *if* money is the root of all evil, these same dependable, efficient aides of his are in highly precarious positions. He put 'em there, too. Therefore, as a man of conscience, shouldn't he do everything in the world to negative possible temptation?

He should! Every safeguard of watchful supervision and trick-proof auditing should be employed. And that one most potent stiffener of weak moral back-bones--Fidelity Bonds--should be applied in generous proportions.

Only the banker who has adequate Fidelity Bonds on *all* his employees--or better yet, an adequate Bankers Blanket Bond--can without danger forget that he is dealing in temptation, as well as money.

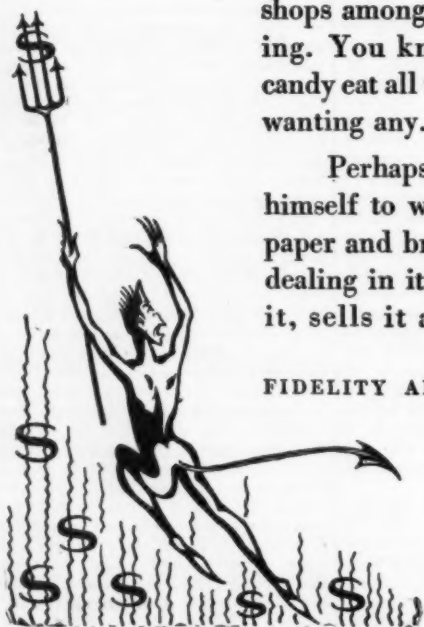
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The National Underwriter

August 30, 1928

CASUALTY AND SURETY SECTION

Page Thirty-three

POLITICS NOW SEEN IN RATE QUESTION

Much Pulling and Hauling as to
Massachusetts Compulsory
Automobile Rates

MONK IS STILL ADAMANT

Candidates Bring Much Pressure on the
Insurance Commissioner to Have
Existing Tariffs Remain

BOSTON, Aug. 29.—Politics, the attorney general's office, the state police, the governor, the lieutenant governor (a candidate for election to the highest office in the state a month hence), the Massachusetts Bar Association, the state board of registration in medicine, mayors and legal counsel of Boston and half a dozen surrounding cities most affected, are all mixed up with the commissioner of insurance and the Massachusetts Automobile Rating Bureau in the turmoil over compulsory automobile liability rates for 1929, which must be announced by the commissioner of insurance on or before Saturday of this week.

Governor Fuller believes there are so many fraudulent and fictitious claims in the \$6,000,000 of unpaid automobile losses in the 1927 experience that they can be "whittled down" sufficiently to greatly reduce the rates for 1929.

Wants Rates to Stand

Lieutenant Governor Frank G. Allen, who took a hand in the mixup Saturday through the absence of the governor, has urged the commissioner of insurance to let stand the same rates in use last year and the year before, by which the companies as a whole lost \$1,500,000 in 1927 and will probably lose \$2,000,000 in 1928, "until further data has been secured."

Attorney General Joseph E. Warren held a hearing in consultation with Commissioner Monk, Registrar of Motor Vehicles C. A. Parker, Secretary W. J. Constable of the Automobile Rating Bureau, President G. H. Nutter of the Massachusetts Bar Association, Dr. H. B. Arnold of the state board of registration on medicine, and others in which a preliminary survey was made of the evidence on hand warranting an investigation into and prosecution for frauds perpetrated by lawyers and doctors, which frauds have been blamed for a material share in the heavy losses the companies have sustained in the automobile liability insurance business in Massachusetts during the past year and a half.

It is intimated that state detectives and state police will be called in to secure more evidence as to the actions of lawyers, doctors, nurses and others who may be involved in the fraudulent claims. The names of some 60 lawyers who have handled questionable claims have been given the attorney general,

AVIATION SAFETY TO BE THEME OF MEETING

IMPORTANCE IS RECOGNIZED

Place Will Be Assigned on Program at
the Convention of National
Safety Congress

NEW YORK, Aug. 29.—Safety in aviation is to be given an important place by the forthcoming National Safety Congress, to be held in New York Oct. 4-5. Harry F. Guggenheim, president of the Daniel Guggenheim Fund for the Promotion of Aeronautics, has announced that an aeronautic safety congress will be held in conjunction with the general safety congress of the National Safety Council. There will be morning and afternoon sessions for two days and all phases of aviation will be considered, from construction to operation, even legislation coming in for consideration. Due to the rapidly increasing market for aviation insurance, there is much interest among underwriters in this conference.

it is claimed. One of the lawyers handled 460 cases in a single year, another 420 and still another 350.

The Massachusetts Bar Association has indicated its intention of appointing a commission of its members to investigate the alleged fraudulent actions of any of its members and then make recommendations regarding disbarment and other action.

President Nutter of the bar association takes occasion in his statement to charge the Massachusetts legislature with being responsible for the presence of an "ill-educated and unethical bar" and declares Massachusetts has a "very low standard" inasmuch as the legislature has time and again opposed the efforts of the bar association to bring about a higher standard for admission to the bar in this state by suitable legislation.

Monk Is Adherent

Commissioner Monk has been adamant in his support of the tentative rates proposed by him for 1929. The principal objection is from Boston and six other adjoining municipalities where the experience was very bad in 1927 and the rates have been increased an average of 50 percent for the three classes of passenger vehicles. The proposed new rates are about 18 percent higher than the rates charged by the companies in 1926 before the compulsory law went into effect and when, of course, the companies were not compelled to accept any and all risks offered to them.

Speculation on Rates

It is believed the commissioner will issue the tentative rates given out formally next Saturday. It is also expected that the expense loading allowed the companies will remain at 40.2 percent as in 1927 and the present year. The latter may be readjusted somewhat as the commissioner has expressed a desire for a factor to take care of selection of risks and better supervision of new business.

If the commissioner does adhere to his new rates, which are based on the experience of 1927, counsel for various

EVEN BIGGEST COMPANIES NEED INSURANCE BACKING

N. Y. SUBWAY CRASH IS CITED

Transit Company, Self-Insurer, Faces
Loss of Over \$1,000,000 As Result
of Catastrophe

NEW YORK, Aug. 29.—Though no public liability insurance is involved, there is wide interest among casualty men over the catastrophe in the Interborough Rapid Transit subway in New York last Friday evening. This was rated as one of the safest railroads in the world, its accident rate being at a minimum and no fatalities at all being reported for many years. Last Friday evening the crash through derailment of a rush-hour ten-car train resulted in 15 deaths and injury to at least 100 others. The I.R.T. is a self-insurer, so the huge loss involved will not affect any insurance companies, but it is a striking example of the liability possibilities of even those carriers professing a maximum of safety.

Company's Loss Over Million

The total loss to the company will probably pass well beyond the \$1,000,000 mark, for in addition to the 100 injured listed, there will be claims from many others of the 2,000 passengers on this train. It will, of course, affect the accident insurance companies to a large extent, though there is no way of estimating the loss they may incur. There may be another interesting sidelight on the liability end of it, for this comes at a time when the company is engaged in litigation seeking a 7-cent fare, claiming the present 5-cent fare is insufficient for proper maintenance and improvement. As a result, it may dig deeply into the reserves of the company and indicate that even such a large organization, commonly regarded as too large for insurance, could well profit by carrying its risk in companies which will permit the spread of the loss.

cities, including Boston, have indicated their intention of going into the courts and compelling the commissioner to show the reasonableness of such new rates.

Candidates Are Worried

Candidates for state office in the coming election are worried at the outlook as some of them feel the new high rates may be interpreted as a reflection on the party now in office and with a presidential campaign in sight which promises to be hard fought, they do not desire to take any chances. The situation is further complicated by the presence of the former registrar of motor vehicles, F. A. Goodwin, in the field as a candidate for governor. Goodwin was practically removed from office by the present governor, there is no love lost between them, and the entry of Goodwin into the field is ostensibly for the splitting up the vote. The former registrar, of course, is making the most of the turmoil and issuing statements which do not tend to still the troubled waters.

No little pressure is being brought to

(CONTINUED ON PAGE 42)

COMPULSORY COVER IS CONDEMNED BY LOTT

Speaks Before Annual Convention
of Pennsylvania Agents
at Hazleton

FOR PENNSYLVANIA PLAN

Agents Told to Back Some Alternate
Proposal and Campaign for Its
Adoption

HAZLETON, Pa., Aug. 29.—Condemning compulsory automobile insurance as un-American and a failure in the solution of the present automobile casualty situation, Edson S. Lott, president of the United States Casualty, speaking before the annual meeting of the Pennsylvania Association of Insurance Agents here last week, urged the cooperation of all insurance agents in support of an alternative measure, either the Pennsylvania plan, vetoed last year, or the Stone plan, as in force in New Hampshire. He said that agents should awaken to the importance of the situation and not merely condemn the proposed compulsory measure, but rather become active in support of an alternative measure which will approach the same end from a more feasible direction.

Favors Pennsylvania Plan

The Pennsylvania plan, as approved by Mr. Lott as among the only satisfactory proposals thus far offered, is merely the prohibition to drive if there is an outstanding judgment arising from an automobile accident. This, as all other plans, permits one unsatisfied accident, but thus far no plan has been offered which eliminates this. The plan was adopted by the Pennsylvania legislature last season, as it was also in New York, but in both states the governors vetoed the measures. Mr. Lott urged its readoption and a campaign, with all agents behind it, to effect its full enactment. Speaking on the general subject of compulsory insurance, Mr. Lott said, in part:

"In my opinion the reasons are two-fold for the favor with which proposals for compulsory automobile liability insurance are apt to be received by the public. In the first place, there is a widespread idea that every time there is an automobile accident some one other than the injured person is legally to blame and should pay damages, and that the payment of damages in all such cases would be guaranteed by the simple process of compelling insurance. And, in the second place, it is widely imagined that compulsory insurance would, in some mystical way, incomprehensible to us insurance men, trend to prevent accidents. But an analysis of a large number of fatal automobile accidents, the Hoover Conference, indicated that in only about 33 percent of the cases were

(CONTINUED ON PAGE 42)

CASUALTY, SURETY ARE BECOMING IMPORTANT

HIGHLEYMAN TELLS GROWTH

Special Agent of Aetna Life Addresses Regional Meetings of Missouri Agents' Association

W. H. Highleyman, special agent of the Aetna Life, has addressed several regional meetings of the Missouri Association of Insurance Agents on the potentialities of the casualty and surety field. He stressed the necessity of writing more of the lines in this field, saying in part:

Last year, for the first time since the war, I believe, fire premiums showed an actual loss over the year previous. There may be many good reasons for this condition, but I believe the co-insurance clauses and lack of attention by agents to the allied lines have had considerable to do with it. Therefore, if you are to make an increase in your business in the future, that increase must come from the casualty and surety lines, which are showing large yearly increases. Last year the fire-only volume represented 53 percent of the total, outside of life, while the casualty and surety premiums were 47 percent. This comparison doubtless will be reversed next year. Or, we can look at it from another angle. On the automobile lines alone, we find the volume of premiums has doubled in the past five years, reaching in 1927 over \$414,000,000. It is agreed this amount will be doubled again in the next five years, and if so, then the automobile lines alone will have passed in volume the total fire premiums written in this country.

Burglary Cover Little Sold

Burglary and theft insurance yields about 6 percent of the known possibilities. That is, it yields about 6 percent as much as the fire-only line. Therefore if the fire losses and the burglary and theft losses are about equal and the burglary and theft insurance were equally well sold, it would yield about the same premium income. It therefore follows that but 6 percent of the possible burglary and theft insurance is sold today.

The burglary lines at present represent but 4 percent of the fire lines, or \$40,000,000. These lines undoubtedly will show a large increase in the next five years. They have not been properly pushed and the agents have not seen the advisability of presenting them or this condition would be changed. With safe burglary rates in Missouri in the highest territorial division of the entire country and with the present crime wave, certainly no better arguments are needed to impress the people with the necessity for these coverages. When a safe burglary loss occurs, the loss is not alone to his profits but also includes a portion of his capital, and generally a property damage loss is included.

Accident and Health Leads

Accident and health insurance still leads in volume over all the casualty lines, being 23 percent of the entire fire total. This form of protection is necessary for the individual who could not readily absorb loss of income or expense resulting from hospital and physicians' charges. It protects the individual's most valuable asset—his income. It has been a leader in volume for years and I am wondering if you are not overlooking great possibilities in this line.

Compensation insurance has about reached its limit and its volume cannot be materially increased, as the laws provide who is required to accept the workings of the law and who are not and outside of some who may accept, the lines have been well taken care of from a premium standpoint.

Fidelity and surety represent but 5

SEMI-ANNUAL STATEMENTS—CASUALTY

(As Reported to the Governor of Georgia)

	June 30, 1928	Jan. 1 to June 30, 1928
	Assets	Income
American Employers	\$ 5,204,350	\$ 2,604,769
American Surety	22,691,037	6,409,516
Century Indemnity	3,996,989	1,780,019
Columbia Casualty	7,423,634	3,003,453
Eagle Indemnity	5,518,510	2,190,149
Employers Liability	36,962,021	18,118,114
Fidelity & Deposit	28,214,655	7,325,359
Fidelity Union Casualty	1,447,524	729,906
General Accident	22,314,465	10,856,272
Globe Indemnity	36,730,192	13,090,650
Indemnity Co. of America	1,375,625	767,495
Independence Indemnity	10,881,740	4,983,214
Independent Bonding & Cas.	732,847	166,585
Liberty Mutual	17,548,061	8,206,097
London Guarantee & Accident	17,118,058	6,223,104
Lloyds Plate Glass	2,365,527	474,355
National Accident and Health	277,004	354,102
National Casualty	2,516,734	985,176
Travelers	520,694,842	95,142,277
Travelers Indemnity	20,947,195	6,659,222
Western Auto Casualty	967,382	103,778
		385,545

*Includes life department.
*Automobile full cover only.

ISSUE OVER PAYMENT FOR SURGICAL SERVICE

Taylor sued the Federal Surety for \$1,222. A demurrer was sustained to his petition, and he appealed. The Federal Surety issued to Taylor a policy of insurance covering operation of an automobile. Taylor was returning to his home in this machine. He was tired, drowsy and sleepy, and as he says, he relaxed. As a result of this relaxation, the machine left the highway and struck a telephone pole. Serious injuries were inflicted upon Miss Taylor and Mrs. McIlvain, who were riding with him in the machine. As soon as he could, Taylor got these women to a hospital, where he gave them every surgical and medical attention that he could, and in doing so, he expended a total of \$1,222. The administrator of Mrs. McIlvain sued Taylor and the Federal Surety for \$25,000. This suit the surety company compromised and settled for \$5,000, as Taylor says, without his consent. In August, 1927, he brought this suit against the surety company to recover this \$1,222 which he had expended for and on behalf of these women. The court is not much impressed by the insurance company's contention about the notice of the accident. By appearing and settling the first suit, it waived the lack of notice. Whether sufficient notice was given or not, the liability of the insurance company for this first aid must be confined to that reasonable period after the accident within which Taylor could and should have given the company notice of it, and such further time as might have been reasonably required for insurer to take action. Judgment reversed. Taylor vs. Federal Surety, Court of Appeals, Ky.

percent of the total premiums, and what volume in the lines can be sold is open to a wide guess. We are safe in saying, however, there are large possibilities in these lines and that this condition will be improved yearly.

With losses exceeding \$200,000,000 per year on check losses, to offset this condition a premium volume of \$300,000,000 should be written. What has been written is too insignificant to mention so here is another field open and waiting.

It has been stated less than 1 percent of the dwellings needing residence liability are now covered. It is true these premiums are small, but a residence liability policy can be made the means of obtaining other desirable lines from the individuals.

You may have a large fire business and depend upon it mostly for your livelihood, but if you want to increase your income from your business, I believe if you will make a study of the conditions, you will agree your best possibilities can only come through the writing of the casualty lines.

CASUALTY AGENT IS IN "REPEAT" BUSINESS LINE

Travelers "Protection," organ of the company, points out to its field forces that the casualty and fire insurance agent is the one business man who need make little of the effort made by most business men to gain "repeat" customers. The fortunate advertiser, the magazine says, is the man who is selling a line of several repeat-selling articles. If the customer buys but one article of the line and is satisfied with it he is likely not only to repeat on that article, but to buy others of the line. The "Protection" article says in part:

"You are in the fortunate position of this last manufacturer. Practically every line of insurance you sell, with the exception of life, repeats every year, paying you the same commission that you earned to place the business originally, when it renews, and as for life insurance, the files of certain life insurance companies show that a large percentage of new insurance sold is on lives of old policyholders.

"It is for this reason that the new policyholders you gain through selling accident, automobile or burglary insurance are worth far more to you than the commission you earned on the sale of the original policy. Judging from the facts revealed by this investigation, they should be worth many times that sum. And unlike the manufacturer who is forced to advertise to build his business, you are well paid, instead of having to pay well, for each new policyholder you sell."

Travelers' Conference

Nearly 200 members of the branch offices, casualty lines, of the Travelers, will be called to the home office of the company Sept. 4-7, to attend a conference which will be devoted to a discussion of many phases of the insurance business.

Assistant managers, special assistants and field assistants in the Travelers branch offices throughout the United States and in several provinces of Canada will be guests of the home office for the four-day meeting.

Fifty-four branch offices in 28 states, the District of Columbia and Canada will be represented.

Hammerschlag Succeeds Perry

NEW YORK, Aug. 29.—Following the recent resignation of C. C. Perry as superintendent of the boiler and machinery department of the Ocean Accident, to associate with the local brokerage firm of Pilcar & Frank, E. M. Hammerschlag has been appointed his successor. Mr. Hammerschlag has been connected with the company since 1915, serving for several years in its liability department and later in its engineering division.

W. R. MOONY JOINING HODGKINSON & DURFEE

LILL NAMED AS SUCCESSOR

Head Adjuster Becomes Manager of the Pennsylvania Surety Branch Office in Chicago

W. R. Moony, manager of the Chicago branch office of the Pennsylvania Surety, has resigned to become connected with Hodgkinson & Durfee of Chicago, who are general agents of the Bankers' Indemnity and represent eight fire companies. Mr. Moony has been anxious to become allied with an organization along production lines rather than doing administrative work. He is succeeded as manager of the Pennsylvania Surety by Roy Lill, who is head of the claim department. Mr. Lill will still handle his work as heretofore and also be the branch manager.

Formerly With the Travelers

Mr. Moony is a successful casualty man. He had a good training with the Travelers years ago, serving as assistant manager at Indianapolis, Albany and Pittsburgh. He started with the old Republic Casualty, the predecessor of the Pennsylvania Surety at Indianapolis, being manager there. Then he opened the Detroit office for the company. The Chicago office was not in a satisfactory shape and Mr. Moony was dispatched there to become manager. He reorganized the business, got the office in good shape and made some good connections. In his new work he will be in his element. He has wanted for some time to be associated with the sales end and become thoroughly allied with production work.

Hodgkinson & Durfee are developing a very gratifying business. Their firm is regarded as one of the liveliest in the business.

Mr. Lill's Career

Mr. Lill, like Mr. Moony, got his first insurance training with the Travelers. After coming out of war service Mr. Lill joined the Travelers organization in Chicago in the claim department. He became very much interested in the adjusting end of the business and his work was highly efficient. He then went with the head office of the Zurich in Chicago in the claim department. Then he transferred to the old Republic Casualty, the forerunner of the Pennsylvania Surety. He has made a marked success in the claim end of the business. He has the utmost confidence of his head office, who sees in him fine talent also as an administrative officer. Joseph Chiedo, the office manager, is acting as Mr. Lill's assistant. The Chicago office of the Pennsylvania Surety will shortly be moved to the Insurance Exchange where larger quarters are being arranged.

New Stock Issue Offered

Directors of the Manufacturers Casualty of Philadelphia have announced that stockholders of record Sept. 1 will be given subscription privileges to the company's new issue of 100,000 shares at the rate of \$30 a share and on the basis of one share of new stock for each old share held on Sept. 1. Payment for the new issue will be made either in cash at the time of subscription or in four equal installments. Rights to subscribe will expire Oct. 1.

With its surplus funds the Manufacturers Casualty will purchase capital stock of the Manufacturers Fire from any stockholders of that company who are privileged to subscribe to the new Manufacturers Casualty issue. It will pay \$30 a share in cash, and this cash may then be applied to the new issue of the Manufacturers Casualty.

COMPENSATION RATE SITUATION ANALYZED

H. P. Stellwagen Addresses Convention of Pennsylvania Association of Insurance Agents

PROPOSALS EXPLAINED

Speaker Tells How Rates Are Made and Why Expense Factors Must Be Added to Cost of Cover

H. P. Stellwagen, secretary-treasurer of the National Bureau of Casualty & Surety Underwriters, addressed the convention of the Pennsylvania Association of Insurance Agents at Hazleton on workmen's compensation. He carefully analyzed the stock carriers' reasons for making rates as they do and also ex-



H. P. STELLWAGEN
Secretary-Treasurer National Bureau

plained the reasons for the addition of an expense constant to the premium. In part he said:

Workmen's compensation insurance has been a most unprofitable line for the stock casualty companies during the past five years. On the basis of the combined New York Casualty Experience Exhibit, which is a compilation of the country-wide underwriting results of some 40 of the leading stock companies of the United States, the earned workmen's compensation premium writings for the period 1923 to 1927, inclusive, have been just a little short of \$600,000,000, and the underwriting losses on that business have been in excess of \$58,000,000 or 9.7 percent of the premiums earned. Over the same period the aggregate underwriting loss on all casualty lines combined, including workmen's compensation, has been close to \$39,000,000, or 1.6 percent on a combined premium volume of over \$2,300,000,000. Thus it will appear that had the companies only broken even on their compensation business, the loss on their entire transactions would have been converted to a profit.

Because of the adverse underwriting results, the stock casualty companies have been forced to curtail their compensation writings. There has been a general stiffening of underwriting requirements with the result that many risks which are undesirable from the rate standpoint have been denied coverage. As a result, agents have been restricted in placing their business, and a line of insurance which ought to be generally

PHILADELPHIA AGENTS SEEKING PROTECTION

OBJECT TO LONDON LLOYDS

Opinion of Attorney-General's Office Is That Little Relief Can Be Expected Under Existing Laws

Members of the Surety Underwriters' Association of Philadelphia are considerably interested in the recent announcement by the attorney-general of Michigan that Michigan banks have no right to obtain insurance within the state from individuals or companies not admitted to do business in the state. One of the reasons for the Philadelphia men's reaction to the announcement is that recently Paul C. Wagner, deputy attorney-general of Pennsylvania, issued an opinion to the effect that banks cannot be restrained from placing insurance with non-admitted companies, and cited a ruling of the United States Supreme Court in his opinion.

London Lloyds is not an authorized insurer in Pennsylvania, and for this reason the Philadelphia association has been trying to get action on its complaint that 12 national banks and 10 trust companies in Philadelphia, besides a number of private banks are placing their business with London Lloyds. After much correspondence with Commissioner Taggart, the association was informed that the only action the department can take is to arrest the soliciting agent of Lloyds if a warrant can be served on him in Pennsylvania. Since the agent does his soliciting from Montreal, it is not seen how the warrant can be served.

At its Sept. 11 meeting the association will discuss the matter of presenting to the Pennsylvania legislature a proposal for inaugurating legislation that will hold financial institutions reciprocally liable to a penalty for transacting business with an agent who solicits insurance for a non-admitted carrier.

The deputy attorney-general has advised issuance of a warrant for the arrest of the Lloyds' representative, W. E. Mellen. Mr. Wagner said it seems unlikely that under existing statutes the department has little chance of taking any other action.

and freely written has gradually taken on some of the aspects of an accommodation line. Most serious of all, perhaps, has been the inability of many risks to get stock company insurance. When insurance companies are compelled to deny employers protection because of the fear of certain financial loss, the very purpose of workmen's compensation insurance legislation is in part defeated.

How Rates Are Made

As is well known, workmen's compensation rates are made on the basis of the combined experience of all classes of carriers, both participating and non-participating. Rates have been developed from these data by a rating system which was intended to provide adequate and reasonable rates for all companies irrespective of class. This rating system has been carefully and honestly applied by the rate-making authorities, yet it has broken down completely.

What is there in the makeup of the experience data which results in a rate level almost disastrous to the stock companies and apparently adequate for the non-stock companies? The stock companies have sought an answer to that question and think they have found it in the fact that the experience of stock companies embraces an enormous proportion of the available small compensation risks, whereas the experience of the participating carriers is singularly free from the small risks. Nearly 90 percent of all small risks are written by the stock companies and but 10 percent

AGENTS USE PRESSURE ON COMPENSATION LINE

SEEK LIBERAL TREATMENT

Will Give Companies Their Business if They Can Take Care of All Offerings

Casualty companies in skirmishing about the territory for agents or in the effort to improve representation declare that one of the interesting phases of the business is the attempt of agents to secure more liberal treatment for their compensation offerings. If a field man approaches an agent, the first question the agent asks is whether he can take care of the compensation offerings or just what will be the attitude of the company to them. Almost all companies are soft peddling the compensation class. They do not want it. They realize that a high loss ratio is bound to occur. They are particularly desirous of keeping off small premium risks.

Must Stretch Compensation Policy

Agents therefore have to do a lot of see-sawing in order to get their customers covered. In some offices the effort to secure compensation coverage is a vital question. Therefore, if a company desires to get an agent it must stretch its compensation policy to the utmost. However, but few companies are tempted to go beyond the conservative point in writing compensation business. Some companies have put the maximum ratio on compensation premiums to total business of 10 percent. Perhaps the majority will put it at 15 or 20 percent. Very few will go higher than that. Compensation underwriters agree that a company can hardly break even on its business where there is a 30 percent compensation ratio. However, some of the companies in order to get a foothold in agencies are granting such concessions as they can, hoping later on to reduce the ratio of compensation premiums.

by the participating companies. On the other hand, it is notoriously true that the biggest risks in the country are in large part insured by the mutual carriers.

The small risk differs from the large risk, first, from the standpoint of loss cost, and second, from the standpoint of expense. Generally speaking, the small risk has been untouched by the safety movement. The average small employer lacks the facilities and perhaps the finances for adopting those safety methods and devices which have proved so valuable with most of the larger employers. Insurance companies find it difficult to prescribe and administer a safety procedure for large numbers of small unrelated risks.

Small risks as a class lack that evenness and regularity of production and business activity typical of larger risks, and this condition undoubtedly has an adverse effect on the loss experience of small risks.

Whatever be the cause, statistical investigation has demonstrated the general truth that small risks are worse than large risks from the loss standpoint. Admittedly that condition varies from state to state. In states like New York and Massachusetts the differential is marked, while in other states it is barely perceptible.

From the standpoint of expense the situation is different and indeed definite. It is notoriously true as a universal proposition that the large risk is today paying part of the expense which should legitimately be assessed upon the small risk. There is a certain minimum expense attaching to the underwriting and servicing of every risk. In the case of even the smallest risk a policy must be written and recorded. Statistical and accounting records must be established. It

(CONTINUED ON PAGE 39)

FIDELITY BOND FIELD IS INCOME SOURCE

Company Representatives Say They Believe Not More Than 10 Percent Is Obtained

SALES ARGUMENTS GIVEN

Local Agent Can Apply Pressure of Facts in Soliciting Line Among Banking Institution Prospects

Surety men report that local agents have a large potential income source in the bankers fidelity bond line, since they estimate that not more than 10 percent of all the banks in the country carry as much of this coverage as they should. The best plan for any agent to follow in developing this business is to point out to his banker prospect the dangerous difference between the amount of money on deposit and the amount of fidelity protection carried, and then have him buy an adequate primary bond and additional excess coverage in an amount sufficient to provide real protection.

Many surety company executives and managers advise local agents to sell the banker's blanket bond instead of a simple fidelity bond when the bank's employees number more than six. They say, however, that if the banker will not provide himself with blanket coverage he should not be permitted to ignore the simple fidelity coverage also.

Arguments Fallacious

It is a common argument against buying the coverage that all of the bank's employees are honest. There are two answers to this objection, either of which is sufficient to break it down. One is that if the employees are honest, the coverage is more easy to obtain than if the bank has a record of dishonesty losses. The other answer, dependent from the first, is that experience shows that the largest number of losses occurs from what is known as misplacement. Honesty is one thing and carelessness another, but each causes losses. But though the common experience is that misplacement losses are greatest by number, theft losses are largest in total amounts. Either half of this experience record, therefore, can be used as an argument against the "honest employee" objection.

Cost Is Reasonable

The fidelity coverage is cheaper now than it ever has been. The primary bond is sufficiently low rated to be attractive to any bank, no matter how small, and in general the excess coverage can be obtained in the amount of the primary coverage at about one-third of the cost.

Excepting some of the outlying banks, most major and secondary city banks are sufficiently protected against fidelity losses, either under the blanket bond or the fidelity bond. It is in the smaller communities that the need for coverage is greatest, and it is in these communities precisely, that the local agent has his largest list of prospects. Concentration on the fidelity line cannot fail to add a considerable amount to any local agent's annual income.

Fairall Gets Constitution

Blackwell & Douglass, western managers of the Constitution Indemnity, Chicago, have appointed Herbert C. Fairall agent for the company in Denver for all casualty and surety lines. Mr. Fairall is well known in Denver and throughout Colorado, as he is state treasurer. His offices are in the Midland Savings building.

CHANGE PROCEDURE ON U. S. CONTRACT BONDS

Payment to Be Made Direct to Surety Where It Takes Over Contract

BENEFIT TO COMPANIES

Detroit Fidelity & Surety Obtains Decision Reversing Practice Formerly Followed

The Detroit Fidelity & Surety has succeeded in obtaining a decision in Washington reversing the former practice of the federal government, which will materially benefit all companies that write contract bonds running in favor of the government.

The procedure followed by the United States government, in cases where a contractor employed by it to construct a building or do other construction work has defaulted in the carrying out of his contract and where the surety undertakes to complete said work, has been to make checks for current estimates and final payments payable to the contractor and deliver these checks to the surety who is completing the work.

Power of Attorney Required

A form of power of attorney has been furnished by the government which is required to be executed by the contractor, authorizing the surety to endorse such checks, and this power of attorney was required to be filed with the governmental department. When the power of attorney was so executed and filed, then the checks would be paid on the endorsement of the surety under the power of attorney.

This worked considerable inconvenience on sureties by reason of the fact that in some cases the contractor refused to execute the power of attorney and in other cases he became bankrupt. In either of these events the surety was required by the government to institute court proceedings and obtain a decree subrogating the surety to the rights of the contractor. When this decree was obtained and filed with the government it would then pay the estimates and final payment to the surety direct.

History of Case

The Detroit Fidelity & Surety was surety on the bond for the construction of a postoffice building in Winchester, Mass. The contractor defaulted and the government notified the surety of the default. The surety elected to take over and complete the contract, and this was done. The contract was completed by the surety, and all proper outstanding labor and material bills paid by it. A power of attorney was sent to the surety by the government to be executed by the contractor and filed with the government as above mentioned, but the contractor refused to execute the power of attorney, and later on was adjudicated a bankrupt.

Comptroller General's Ruling

When the first current estimate was due, the Detroit Fidelity & Surety applied to the supervising architect's office at Washington to have the current estimate checks made payable to it instead of to the contractor in accordance with the custom above set out. The matter was presented to the comptroller general's department, and authority was given by that department to the supervising architect to make checks for current estimates payable direct to the Detroit Fidelity & Surety, but the supervising architect's office, acting under the instructions of the comptroller general's

IMPROVISED FLEETS ARE BEING SCANNED

SOME STATES ARE DRASTIC

Insurance Commissioners as a Rule Insist on Only Legitimate Groups Being Covered

Casualty companies writing automobile insurance that have taken a very positive stand against writing improvised fleets do not find as many efforts made on part of agents to get improper fleets written as in times past. Many of the insurance commissioners have ruled against employees' cars being included in fleets. Others have gone still farther and have declared that no car can be included in a fleet unless it is used in the business of a common employer. It has been the practice in times past to include the personal cars of officials and employees in business fleets. A number of states have ruled out this practice. There is still great competition for automobile fleets because of the juicy premium. This tends of course to liberal terms being offered.

office, stated that when the work was completed and final payment was due, the surety would receive the final estimate for work performed by the surety company in completing the contract and all retained percentages thereon which should be paid by check or warrant made payable directly to the surety company, but that the retained percentages and the estimates earned by the original contractor up to the date of the termination of the contract would be paid by check made payable to the contractor and delivered to the surety company.

Asks for Retained Payments

In accordance with this ruling, all checks for current estimates were made payable directly to the surety company. Upon the completion of the job, the surety company again applied to the comptroller general's office, claiming that under the law it was entitled to have the retained percentage earned by the contractor up to the date of default and the estimate earned by him up to that time paid to the surety company by check made payable directly to it.

After duly considering the matter and the authorities cited in support of the Detroit Fidelity & Surety's contention, the comptroller general's office held that the rule is well established that the surety on a bond of a contractor for public work, who assumed to complete the work after its abandonment by the contractor, is entitled to be subrogated, so far as necessary to protect it from loss, to all the rights which the government might have enforced against the contractor if it had declared the contract forfeited and completed the work itself. The surety's right on subrogation has been held to be superior to the claims of the contractor, or his assignees, for any balances due under the contract which are necessary to protect the surety from loss in the completion of the work.

The opinion further holds that if the surety completes the work under the contract to the satisfaction of the government officers in charge thereof, with an expenditure in excess of the amount of the contract price, and if there was an outstanding amount due for retained percentages and estimates earned up to the date of the default of the original contract withheld by the government, then all the payments due or to become due under the contract may be paid to the surety to the extent necessary to reimburse expenditures by the surety in completion of the work, but that the surety is not entitled to any profit under the contract.

The opinion further holds that the fact that the contractor was adjudicated

CONTRACTORS TURN TO CORPORATE SURETYSHIP

WISCONSIN SHOWS RESULTS

Report on Road Construction Bonds Indicates Trend Toward Passing of Personal Suretyship

MILWAUKEE, Aug. 29.—A victory for corporate suretyship has been won in Wisconsin over the personal form of suretyship, on road construction bonds. Figures have been furnished by the Wisconsin highway commission for the years 1919 to 1927 inclusive. While the commission has not been able to furnish complete figures on several county projects due to the fact that in some years the county jobs were not recorded in the state department, the figures which have been given are fair indication of the trend toward corporate suretyship by the contractors, according to surety underwriters here. Two notable years in which the county jobs were not included are 1924 and 1925, and it is impossible to secure the complete figures for these years. This is the reason for the marked decline in road building as listed, from 1923 to 1924. A more accurate record has been kept by the state since 1925 and the figures for 1927 are as complete as possible.

Great Contrast Shown

During 1927, 88.5 percent of the contractors were covered by corporate surety bonds compared to 11.5 percent who favored the personal suretyship. This is in contrast to 1919 when only 54 percent of the contractors took out corporate surety bonds against 46 percent who were covered by personal surety bonds. The value of the contracts under the corporate suretyship amounted to \$14,813,016 while the value of those under personal suretyship amount to \$245,849, making a total for the year of \$15,058,865. Contractors with corporate surety bonds had 98.3 percent of the total valuation of the contracts with the average contract valued at \$56,319, while those under the personal surety form had only 1.7 percent of the valuation and the average value of their contracts was \$7,231.

Shows Results of Efforts

The increasing use of corporate suretyship by contractors indicates the results of the educational activities and sales efforts of the underwriters in Wisconsin. The contractors have been made to realize that the personal surety bond is antiquated and that the surety companies, organized to cover this form of risk, are the better ones to handle it because they have put the writing of bonds on a scientific basis, and should there be a loss, the surety companies can bear it because of the collection of premiums over a wide area to cover localized losses.

State authorities have found the handling of losses more satisfactory with the surety companies than with personal sureties. In the endeavor to collect from personal sureties in case of losses, there is political pressure brought to bear which is embarrassing to public officials.

a bankrupt would not affect the proposed payment to the surety, inasmuch as the surety's right to the moneys necessary to completely reimburse it for expenditures in performance of the contract is superior in law and equity to that of the bankrupt's estate, which has no greater right than those of the contractor as against either the government or the surety.

Insured on Air Trip

Bebe Daniels, motion picture star, flew from Los Angeles to New York last week via air mail. Miss Daniels protected herself against mishap on the two-day trip by a \$30,000 accident policy in the Independence Indemnity.

GENERAL AGENTS ARE CUTTING TERRITORIES

Many Offices Say They Cannot Cultivate Small-Town Field on Present Margins

OVERHEAD IS TOO HIGH

Some Companies Now Handling Outside Areas Through Branch Offices Under Salaried Managers

NEW YORK, Aug. 29.—Casualty company executives report a growing disposition on the part of general agents controlling large territories not only voluntarily to surrender portions of their field, but to urge that it be taken off their hands, offering to turn over to the head offices without suggestion of compensation therefor such established district representatives as they may have and whatever records may be of value in seeking to retain the business.

The contention of the general agents is that the margin of overhead allowed them is too small to warrant the proper cultivation of other than the more important cities, and that while they appreciate the value to the companies of a well selected small town and village business, yet they do not feel warranted in being responsible for its development under existing commission arrangements. They can cultivate lines in the large centers with far greater profit to themselves, and hence quite naturally prefer to work along such lines.

Branches Established

Some of the companies are meeting the situation through the establishment of salaried offices at strategic centers, placing a seasoned manager in charge of each and assigning him a number of special agents whose mission it is to travel the field, appointing local representatives at every point promising to yield revenue, and at the same time equipping the branch for rendering every possible facility in settling claims and in supplying such other service as is afforded at the company headquarters.

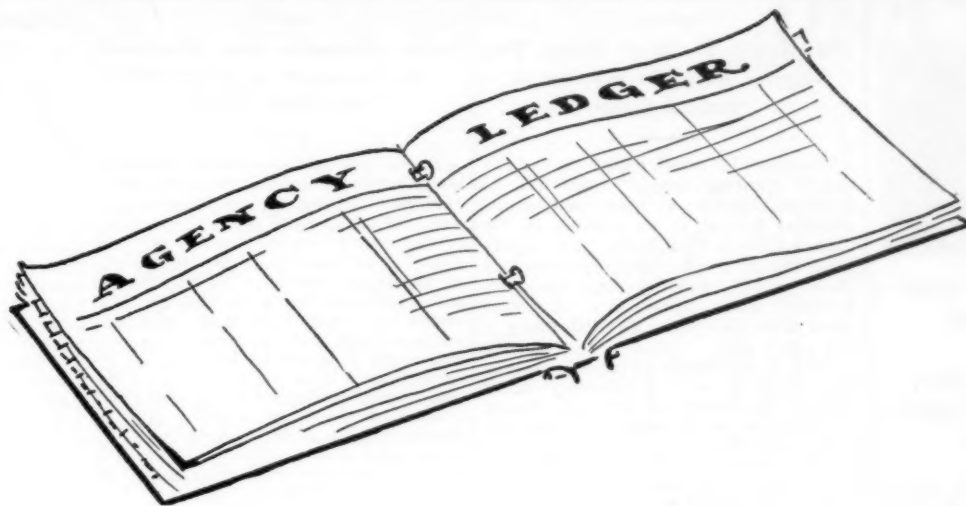
Years ago general agents were clamorous for large territory, and it was by no means uncommon to find several important states under their jurisdiction. The unwisdom of this proceeding became apparent to both companies and general agents, the latter finding it expensive to develop outside communities, while the former were unable to get that proper spread of business so essential to their solid upbuilding. Curtailment of fields in consequence became the established practice, and today with a few notable exceptions, all territory supervised for casualty offices by general agents is sharply restricted. This permits of intensive cultivation and is advantageous to all parties concerned.

The great increase in the character of business written by the average casualty company calls for specialists in the handling of each, and to employ different special agents for the casualty and surety branches imposes an expense that general agents do not care to assume. This is one of the several reasons for the pronounced swing away from large general agency fields.

Union Indemnity Employees' Outing

NEW ORLEANS, Aug. 29.—The 600 members of the Live Oak Association of the Union Indemnity were entertained at a dance Friday evening at the Southern Yacht Club. The Live Oak Association is an employees' welfare organization and nearly every employee of the home office is an enthusiastic member.

SEVEN 7 POINT FULL COVERAGE AUTOMOBILE POLICY



The Plain Case of Profits

Certainly, every man engaged in business is looking for every dollar of legitimate profit he can make. Why, then, be contented with less profit than you can make?

Many Republic agents are sharing profits with the Company, losing less business to competitors, increasing their volume, and enjoying service that really helps them.

Just for better profits, investigate this Company. Full details sent promptly upon request.



REPUBLIC
CASUALTY and SURETY COMPANY
 35 East Wacker Drive
 CHICAGO

A U T O M O B I L E I N S U R A N C E

Why I'd choose The National Surety Company



if I were seeking a new
Surety connection

By Chas. Seyler, President,
Seyler-Day Co. General Agents,
Los Angeles, Calif.

I would choose the National Surety Company for its **PRESTIGE** of representing the World's Largest Surety Company; such a Company is the best known and therefore needs no introduction to my prospective clients.

I would choose the National Surety Company for its **OUTSTANDING PREDOMINANCE** in the insurance branches of Fidelity and Surety Bonds and Burglary Insurance; no multiple line or other company has as comprehensively and progressively developed these lines; the National Agent is the leader in his community in the latest types of bonds.

I would choose the National Surety Company for its **SUPERIOR SERVICE** so important to the Agent, in the first instance, to secure business, and in the second instance to perpetuate the hold on business by speedy and equitable disposition of claims.

And last, but perhaps of greatest importance, I would choose the National Surety Company for its **CERTAINTY OF SURVIVAL**: Surety Companies are not unlike other business ventures; some achieve great success, some moderate and some are downright failures. I would select the one with the successful past; all companies, even the young ones, have futures before them, but the company with the successful past is the best bet for the successful future. I would choose the company that has a mortal cinch of outliving me and thus not jeopardize my business during a long hoped for career through the failure of the company or the selling out to another company.

If you'd like to know more about
National Surety Company service and
would like to find out if we have an
opening in your town, clip this ad, at-
tach it to your letterhead and send to

NATIONAL SURETY COMPANY

WORLD'S LARGEST SURETY
COMPANY,

115 Broadway,
NEW YORK.

FORGERY FAST GROWING CRIME SAYS BARNHART

MOST DIFFICULT TO COMBAT

Organization of Check Gangs Very
Complex, Says Vice-President of
National Surety

"Forgery is often called 'America's fastest growing crime,'" said W. L. Barnhart, resident vice-president of the National Surety, in an address to the Rotary Club in New York. "The papers these days are full of forgery cases and check crimes involving large amounts; \$100,000 cases being more common these days than were \$10,000 losses a few years ago.

"Nor is it difficult to see why this is so. Whereas with a burglary or a holdup, the difference between liberty and years of imprisonment may be only a few seconds, these exceedingly dangerous check criminals have learned by timing their forgeries about the beginning of the month, after a man has gotten his cancelled vouchers back from the bank, they generally have at least two or three weeks for an unhurried getaway before their victim ever knows that they have been operating against his bank account."

No Authentic Figures

Mr. Barnhart said that there are no real, authentic figures as to the exact extent of the crime because the business man who has been victimized often prefers to take his losses and say nothing rather than publish the fact that he has been prey to these dangerous criminals. However, the most generally accepted estimates of the amount that bankers and business men lose by reason of check crimes range from \$200,000,000 a year upwards.

Many of the check gangs operating today are most efficiently organized, he said, with their "home office" to direct the various "operatives" in different cities. The work, by this time, has become highly specialized and often times the various members of the gang do not even know by sight or by name the person who supervises their operations.

Complex Organization

The "picker-up" spends his time getting checks, cancelled vouchers or specimen signatures which he turns over, usually through an intermediary, to the "scratcher" who can raise, forge, alter, duplicate, counterfeit or manipulate any check ever issued. After the "scratcher" has prepared the raised, altered, forged or duplicated instruments he turns them back again through the intermediary to the "layer down," who is the actor of the gang and whose duty it is to exchange the fraudulent documents for cash, bonds, jewels, automobiles, fur coats, merchandise or any other valuable consideration.

It is usually the picker-up and the layer-down who are arrested and imprisoned, while the scratcher goes on with a new group of accomplices, because he has never allowed the police to "get anything on them." This is one of the reasons that forgery is such a difficult crime to combat.

Won't Insure Schoolboy "Police"

RICHMOND, VA., Aug. 29.—The city council of Richmond has voted down an ordinance proposing that the city take out liability insurance to protect itself in the event of injury to school boys doing traffic duty at corners adjacent to public schools. The idea of the city fathers seemed to be that the best thing to do would be for the school authorities to do away with this practice and let the police perform such duties. It was generally conceded that the city would undoubtedly be liable for damages if the boys were injured or killed in performance of these duties.

DEPOSITORY BONDS STILL BEING WATCHED

BANK FAILURES IN INDIANA

Surety Companies Scan Particularly
the Statements of Institutions
with Small Capital

Surety companies writing depository bonds are watching the bank situation in Indiana. During the last six months some 18 banks have failed in the state. Those who are in close touch with the situation say that there are others that are skating on thin ice. Therefore when an application for a depository bond comes up from that state, especially from a small bank, a very comprehensive study is made of its financial responsibility. There is a two years liability under an Indiana depository bond.

While it was decided not to take off the \$5 penalty for depository bonds on banks west of the Mississippi river it is felt that in a year or so there will be no need for this additional charge. The water has been pretty well wrung out of banks in the west and northwest. Those that are in the running are pretty well seasoned and no doubt will be able to stand the strain. Following the failure of so many banks, companies watched their course very carefully and required a strict examination report before depository bonds or public official bonds would be written where there was depository liability. Now that there is an easement in the situation companies are found to be somewhat more liberal.

STATE ATTACKS COURT ORDER

New Hampshire Attorney General Files
Brief in Case Involving Casualty
Companies' Licenses

CONCORD, N. H., Aug. 29.—Attorney General Waldron has filed his brief asserting that there was obvious error in the order of the superior court directing Commissioner Sullivan to renew the licenses of stock casualty companies affiliated with the National Bureau of Casualty & Surety Underwriters when the commissioner had indicated his intention to refuse renewal of licenses if the companies put into effect an increase in automobile liability rates.

The brief says the court action was one that seemed to be an attempt at rate control by the court and depriving the commissioner of his lawful powers. The attorney general's brief is in answer to the action of the casualty companies, which secured a court order early in the year restraining the commissioner from refusing to renew the licenses of the companies and compelling the companies to deposit the amount of the increase of premiums collected with the commissioner until final determination of the case. The case will probably be argued before the supreme court some time in September.

BOSWELL IS VICE-PRESIDENT

New York Surety Manager Made Resi-
dent Officer for New York Indem-
nity at Los Angeles

NEW YORK, Aug. 29.—Robert I. Boswell has been appointed resident vice-president for the New York Indemnity on the Pacific Coast, succeeding W. H. Schroder, who has resigned. Mr. Boswell will make his headquarters in the Corporation building in Los Angeles and will be manager for southern California. He has been in the surety business for many years and has been in the east prior to this appointment. He was formerly in Richmond, Va., and for the past year has been in charge of

surety development for the New York Indemnity in the Metropolitan branch in New York City. He will now assume charge of the southern California territory.

COMMONWEALTH CASUALTY OFFICIAL HOUSE WARMING

PHILADELPHIA, Aug. 29.—The Commonwealth Casualty held an official housewarming today in its new home office building, opposite Independence Hall, into which it moved on Monday. The company played host to some 1,000 visitors. As the visitors arrived, they were welcomed by the "Commonwealth Courier." The courier is used in all the company's advertising matter and the company secured an actor to dress in the style of 1776 and portray the courier. A buffet luncheon was served to the visitors.

After the housewarming celebration was over, E. W. Cook, vice-president and general manager, was given two surprises. First, the department heads presented him with a gold wrist watch and then three of the company officials gave him a grandfather's clock for his office—something he had "always dreamed of owning."

Mr. Cook left tonight for a fortnight in the Canadian wilds. He was accompanied by resident vice-presidents of the company and Deputy Insurance Commissioner Costello.

Owned U. S. F. & G. Stock

In the inventory of the estate of the late George E. Brennan, manager of the United States Fidelity & Guaranty at Chicago, who was nationally known in Democratic political circles, it is shown that he owned 175 shares of the United States Fidelity & Guaranty stock which is valued at \$73,150. He also owned 50 shares of stock of the Metropolitan Fire of Chicago.

2

Special Agents WANTED

[1] For Indiana — we want a man that is well known and liked among agents in this state. A man that is accustomed to doing things in a big way. This opening is more than a job—it is an opportunity plus.

[2] For Chicago Territory — we have an opening for a live, energetic man that is well known—a man of good character and high standing. A man that produces results and has no alibies.

THE above positions are important enough to interest the best men in the field. The Company is a strong, progressive Stock Casualty Company located in Chicago. Write giving full details as to why you believe you can fulfill one of the above positions, and also give past experiences and references. All replies held strictly confidential. Our field force has been notified of this advertisement.

Address G-48,
care The National Underwriter

COMPENSATION RATE SITUATION ANALYZED (CONTINUED ON PAGE 35)

must be reviewed by the underwriter and provision made for its auditing and inspection.

Many small risks are isolated and inaccessible, thus adding to the cost of inspection and auditing. Many are short-lived and of a transitory nature, and these conditions also add to the expense of rendering that service to which every risk is entitled.

Administration Cost About \$5

The stock companies have sought to develop the actual cost in dollars and cents of providing the necessary service for an individual risk. In that cost they have included but two elements, the cost of home office administration and the cost of payroll audit. Some part of the cost of inspection might legitimately have been included, but in computing the very minimum servicing cost the companies preferred to be ultra-conservative in their calculations. By careful allocation of a proper portion of salaries and expenses to the number of policies issued, the stock companies arrived at a figure slightly over \$5 as the minimum administration cost of writing the smallest risk. Independent studies made by the California state fund and the New York state fund developed conclusions very close to the stock company results. A majority of the conference committee appointed by the New York superintendent to study this and other matters, concluded that \$5 was a legitimate figure for the cost of administration.

In calculating the minimum allowance for payroll audit the stock carriers assumed that 75 percent of the total auditing cost was directly allocatable to the number of policies and therefore produced an average cost per unit of \$3.15. The conference committee already referred to spent considerable time with this element of the service cost, and the majority finally came to the conclusion that \$3 was fair and reasonable and with this estimate the stock companies are willing to agree.

The sum of the allowances for administration and payroll audit is \$8, but it is, of course, necessary to load this amount to take care of acquisition and taxes which must be paid on it. Inasmuch as these items represent 20 percent of the gross premium rate, the necessary fee to be charged in order to net \$8 is \$10.

Weighted Experience Plan Proposed

The stock companies have another suggestion to make in regard to the rating of workmen's compensation risks which concerns the experience rating plan. Under the experience rating plan now in use, changes in an individual risk's experience are not reflected in the premium rates until a long time after those changes have been made. For example, a risk might have developed a poor experience during the first three years of its experience history, only to change about completely in regard to its safety practices and thereby improve its experience in the last year or two. Under the present system of giving equal weight to the experience of each year in the experience period, such an assured would not get early recognition of the improvements which he had been able to make in his plant. He should have to wait several years until his good experience predominated before receiving the credit due him. On the other hand, a risk might have developed a good experience in its earlier history only to turn bad in the last year because of carelessness and the general neglect of safe practices. In this case, the risk's favorable rate would continue unduly and the increased rate necessary to remind the assured of his laxness could not be applied until some time after the circumstances demanded.

To remedy this defect, the stock companies propose the so-called weighted experience rating plan whereby the least

weight is assigned to the risk's oldest experience and the greatest weight assigned to its most recent experience. Under such a plan more prompt rate recognition will be given those assured who have earned it, and likewise penalties will be more promptly imposed on those assured who need to be reminded of their laxness and carelessness.

Public Opinion Is Arbiter

In the final analysis the proposed changes in the rating procedure must come about through the force of public opinion, and public opinion can express itself only after the public has been educated to an appreciation of the inequities existing in the present rating system. In this process of educating the public the agents can be of considerable assistance not only to the companies but to themselves as well. Large policyholders should be told that the present rating system requires them to bear part of the expense of carrying small risks. Small policyholders, on the other hand, should be told that their difficulty in obtaining stock company protection arises from the fact that their premiums are not sufficient to pay the necessary expense of writing and servicing their business. The small employers of Pennsylvania, or any other state, need not be subsidized by larger employers; they are willing to pay their way and it behooves companies and agents alike to demonstrate their costs to them. The agents might properly ask these questions of their policyholders: Do the large risks want to continue to carry the small ones? Do they want to continue under an experience rating plan which fails to give immediate and adequate recognition of their individual experience? Do the smaller risks want to secure protection for less than cost and thus continue under the embarrassing difficulty of being frequently denied stock company protection? If these questions are answered in the negative there can be no doubt but that the public authorities of this state and any other state will welcome such reforms as will meet the needs of the insuring public and still enable the companies to make such reasonable profit on their business as all businessmen are entitled to.

Don't Speak for Other Classes

Finally, the stock companies would have it understood that the reforms which they urge are intended to solve in some degree the problems of stock companies. They do not presume to speak for other classes of companies, whose needs may be totally different. Therefore, if the public authorities feel that the rating system proposed by the stock companies should not be forced upon participating carriers with a different distribution of business and with different methods of getting business then the stock companies will be content with approval of the new system for themselves.

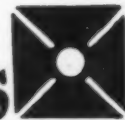
Automobile Guest Case

The owner of an automobile, using his machine for his own purposes, invited four guests to accompany him, and during the course of the journey permitted one of the guests, V, to operate the machine, without protest from the other guests. An accident occurred which resulted in the death of one of the other guests. Defendant contended that the uncontradicted evidence showed that deceased guest actively acquiesced in V's driving car and that therefore plaintiff could not recover, and requested a directed verdict in his favor, which was refused. Held that as the ultimate responsibility for selection of the driver was in defendant, because he alone had the power and authority to refuse or permit V to drive car and because he was the only person who had the right and power to end the employment, the trial court properly refused to grant defendant's prayer for directed verdict in his favor. *Vacek vs. State, Ct. of Appeals, Md.*

on the
spot



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OWNER LENT CAR, BUT NOT FOR JOY RIDING

EMPLOYERS' LIABILITY WINS

Circuit Court of Appeals Upholds Lower Court in Giving Judgment for Insurance Carrier

In *Frederiksen vs. Employers Liability*, Circuit Court of Appeals, Ninth Circuit, 26 Fed. (2d) 76, the defendant company issued a policy covering an automobile when it was being operated with the insured's consent. The insured loaned the car to a friend to attend a funeral. After the funeral the borrower engaged in a joy ride without the permission of the insured and met with an accident. The injured person recovered a judgment against the borrower of the automobile but could not collect it.

Action was then brought to recover on the policy issued to the owner of the car. The trial court found in favor of the defendant company.

Judgment Affirmed

On appeal the higher court in reviewing the record and in affirming this judgment, said:

"That the trial court properly instructed the jury to return a verdict for the defendants is too plain to require discussion. By no permissible construction of the terms of the insurance policies can it be held that the borrower at the time of the accident was using the automobile with the permission of the insured, or with the permission of any member of his family. * * *

"It may be conceded that slight deviations by one who has been permitted by the insured to use an automobile for a specified purpose does not destroy the insurer's liability for injuries to the driver or his guests, but that is far from saying that the permission to use an automobile to attend a funeral in the morning in the city in which the insured resides carries with it permission to use the automobile in the afternoon for a joy ride many miles beyond the city limits. The judgment is affirmed."

Engineers Seek Accurate Gages

Because the safety of human life often depends upon the accuracy of the pressure gage on a steam boiler or other pressure equipment which can explode, the American engineering standards committee has been asked by the American Society of Mechanical Engineers to approve the establishment of national standards for pressure gages. The standards might provide, for example, for such construction that the gage could not indicate a zero pressure when there is actually sufficient pressure to constitute a grave hazard if a workman should open a boiler or tank—a cause of loss of life in the past. Standardization of vacuum gages is also requested.

New Air Lines Covered

Passenger liability of \$5,000 per passenger will be carried by the Northern Airlines, which has applied to the North Dakota railroad board for permission to operate air lines between Bismarck and Minot. The International Airways, which also has applied for permission to operate an air line between these points, would carry \$10,000 per passenger. Both companies are Minot organizations.

Get Century in Buffalo

BUFFALO, N. Y., Aug. 29.—Claud H. Eggleston and Ralph W. Archdeacon announce the formation of the firm of Eggleston-Archdeacon, Inc., to act as general agent for the Century Indemnity in Buffalo and vicinity. The new agency has opened offices in the Genesee building and will conduct a general insurance business in addition to representing the Century.

CHANGES IN DISABILITY POLICIES

Brief Review of News About Policies, Riders and Rates, Which Are Given in Full in the Policy Analysis Section of The A & H Bulletins, Published Monthly by The National Underwriter Company.

EMPLOYERS' LIABILITY

The Employers Liability has issued a new series of accident and disability policies. The Employers' standard accident policy introduces a new feature by making its partial disability provision effective if the partial disability develops within 30 days after total disability has been suffered. The total disability clause has been modified to allow 30 days for development of such disability, an elimination period of at least 14 days has also been inserted.

Changes have been made in all Em-

ployers' forms now being written except in the \$5 automobile policy. In the Employers' accident policy, a new form, the company writes its total accident disability clause on the basis of 52 weeks indemnity for inability to perform the duties of "his" occupation and weekly indemnity thereafter for inability to perform the duties of "any" occupation. Standard Provision 10, in all policies now provides for payment of indemnity every four weeks instead of every eight weeks as heretofore. This feature has been gradually introduced in all policies.

COMPANIES GIVE DRIVERS AID

Policyholders' Identification - Service Cards Make Expert Advice Quickly Available to Motorists

Casualty men concerned with automobile business report that policyholders have been quick to avail themselves of the service offered them on the identification-service card which most of the conference companies now issue with each policy. Drivers frequently encounter trouble when away from their home territories. They sometimes are arrested on charges of causing accidents and therefore stand in need of obtaining bail bond or release of attachment, or both, quickly. Agents of a number of the companies are authorized to execute such bonds immediately the policyholder presents his identification card. Limits of liability are specified by some of the companies, and the bonds are written at manual rates.

Two reasons for the service are given. One is that the companies are at all times desirous of meeting automobile club competition. The other is that as the highways become more crowded and as more people adopt the practice of driving for business purposes, the number of accidents of all kinds increases and the need for service to policyholders becomes greater. The companies that have large national agency plants are in position to offer policyholders valuable service and relieve them of worries that would interfere with business and pleasure.

Buys Triangle Automobile

The Pennsylvania Surety of Pittsburgh has obtained control of the Triangle Automobile of that city by acquiring a majority of the outstanding stock of the automobile company. Joseph W. Ward, president of the Pennsylvania Surety, has been elected vice-president of the automobile company. O. S. Heck, president of the Triangle, remains as executive head of the company. W. H. Drake remains as secretary and H. P. Phillips as treasurer. The Triangle Automobile was formed five years ago. It writes automobile, fire, theft, transportation, collision and property damage. Its capital is \$100,000 and its surplus approximately \$200,000.

Automobile Case Decided

The court has many times held that where one steps in front of an approaching car and is injured, even though the approaching car be running at an unlawful rate of speed, the doctrine of contributory negligence will bar recovery, if the danger is open and apparent. Held that such doctrine has no application in this case. Here respondents had crossed safely the paved portion of the highway and had no reason to anticipate that there was any danger whatsoever from appellants' car after leaving the pavement. Under circumstances such as the court has here detailed, the verdict of the jury is binding upon the court. *Maccarato et al. vs. Pengelly et al.*, Sup. Ct. Wash.

BENEFIT SEEN IN DEPARTMENT

Claim Branch of National Bureau of Casualty & Surety Underwriters Expected to Improve Business

NEW YORK, Aug. 29.—When Herbert W. J. Hargrave, whose appointment as manager of the claim department of the National Bureau of Casualty & Surety Underwriters was announced in THE NATIONAL UNDERWRITER last week, assumes office Sept. 15, the new division, the creation of which was determined upon last October, will begin to function, developing its plans steadily and with every likelihood of its becoming an exceedingly valuable adjunct to the general casualty business.

The idea in creating the claim department was to check the activities of fraudulent claimants, together with shyster lawyers and irresponsible doctors who aided and abetted such persons. Casualty insurance companies as well as large industrial corporations have suffered the loss of millions of dollars within recent years through fraudulent claims, the evil assuming such proportion in this city as to call forth severe denunciation from the Bar Association and through its representatives to impel the appointment of an investigation committee by the state legislature. Similar action has been or shortly will be undertaken in Philadelphia, the reputable lawyers of that city being incensed at the activity of the ambulance chasers and their claim enforcing methods.

Under the New York statute casualty companies were required to maintain a reserve of \$750 per case after a liability claim had been standing three years. Shyster lawyers taking advantage of this situation would delay forcing claims until the three-year period was reached, when they would exert pressure, feeling that the companies would rather compromise than set up the heavy reserve. To combat the fraudulent claim evil a number of important railways and industrial corporations of this city, formed a claim protective association early this year, the National Bureau of Casualty & Surety Underwriters becoming a party thereto, and contributing substantially to its maintenance. This organization will cooperate with the new claim division of the National Bureau.

Liberty Licensed in Illinois

The Liberty of Dayton, O., has just been licensed in Illinois to write full coverage automobile insurance, plate glass and general liability. The Liberty is a stock company that enjoys a very fine reputation.

Ocean Accident Accountant

F. R. MacGibeny has been appointed chief accountant of the Ocean Accident branch office at Chicago. He has been connected with the Cleveland office heretofore.

FAILS TO COMPLY WITH CONTRACT; NOT COVERED

INSURED FAILS TO NOTIFY

Case Involving Substitution of One Taxicab for Another in Fleet Is Decided for American Employers

In *Melconian vs. American Employers*, Supreme Court of Michigan, 219 N. W. 638, the plaintiff was engaged in operating taxicabs. Plaintiff owned five cabs but only used three of them at a time. He took out a policy of liability insurance covering three designated taxicabs.

By agreement with the agent of the defendant, the plaintiff arranged that in case of an accident to a cab in service he would substitute another cab. Immediately on substituting a cab it was agreed that the agent should be notified of this fact, in which event the policy would cover the substituted cab.

No Notice Given

An insured cab became disabled, and plaintiff substituted another taxicab but neglected to notify the defendant's agent. The substituted cab suffered an accident which resulted in liability to the plaintiff. Defendant denied liability under the policy on the grounds of the failure of the plaintiff to give notice of the substitution. Plaintiff filed suit and recovered a judgment in the lower court. On appeal the higher court in reviewing the record and in reversing this judgment, said:

"Plaintiff's counsel contend that the purpose of requiring notice of substitution was merely for defendant's book-keeping. * * * The purpose of Mr. Ten Brook's [defendant's agent] suggestion respecting substitution was not to vary the contract, but to point out how it might be changed, if change became desirable because of the failure of any of the cabs covered by the policy."

Policy Does Not Cover

"The purpose of the notice of substitution was that by rider one cab might be substituted for the other under the policy. The record shows no other purpose. Evidently it was the intention of the insurance agents to make the request for substitution effectual as of the time of the telephonic message, or, if at night, the time of mailing written request. But plaintiff gave no notice of substitution and none was effected, so the policy did not cover the cab in the accident. Judgment reversed, without new trial. Costs to defendant."

OGDEN DAVIDSON MADE CALLENDER'S ASSISTANT

Ogden Davidson, who has been manager for the Ocean Accident & Guarantee at Buffalo, N. Y., has been transferred to Chicago to become assistant manager of the company's branch there under Manager J. C. Callender. He succeeds Harry McLaughlin, who has been assistant for some time. Mr. McLaughlin was in Newark previous to taking the Chicago position. Mr. Davidson was assistant manager in the New York office of the Standard Accident for 13 years and after that occupied a similar position in the New York City office of the Metropolitan Casualty. About five months ago he went to Buffalo to reorganize the Ocean Accident's branch there.

U. S. F. & G. Building Alterations

BALTIMORE, Aug. 29.—Officials of the United States Fidelity & Guaranty are planning extensive alterations on the top floor of the home office building. Work will commence by Oct. 1 and will be completed Dec. 1. The alterations will consist of rearranging of private offices, building of skylights, redecoration of walls and a new elevator approach.

HUMORIST CIRCULARIZES AGENTS ON RECIPROCAL

WOULD WRITE AUTO GLASS

Wants \$10 Although Stock Companies Only Charge \$6—Curious "Limit" on Assessments

Reciprocal insurance has evidently reached the joke stage. No exchange for the insurance of lead pencils and fountain pens has been announced as yet, but some humorist has been circularizing offices in the Insurance Exchange, Chicago, with an "application for automobile glass insurance to Edwards Automobile Glass Insurance Exchange Reciprocal Underwriters." In the circular Edward F. Mulvaney purports to be attorney-in-fact and the address of the general offices is given as 6201-7 South Damen avenue. Although stock companies insure automobile glass against breakage at \$6 a year for closed and \$3 a year for open cars, the circular establishes a rate of \$10 a year, with an assessment liability for each subscriber "on any risk underwritten by him" of one additional annual premium. Inasmuch as each car written by the exchange is a risk underwritten by the subscriber, the assessment liability of the subscriber is \$10 per car. In other words, if the exchange wrote 1,000 cars the assessment liability would be "limited" to \$10,000. If it wrote 10,000 cars the assessment liability of each subscriber would be "limited" to \$100,000.

50 Percent to Attorney-in-Fact

The application reads as soberly as a regular document but provides that 50 percent of the premium shall go to the attorney-in-fact. It also provides that loss by subscribers by breakage shall be replaced at such place or places as the attorney-in-fact shall from time to time designate. It would be another piece of humor if the attorney-in-fact should designate southern Illinois or northern Wisconsin as the place for replacement of glass broken in Chicago. In addition the attorney-in-fact is given power to adopt such rules and regulations as he shall deem best.

May Be Intended Seriously

The application follows remarkably the actual power of attorney used in many reciprocals, but it takes an automobile glass exchange to bring out the humor. It is, of course, entirely possible that the circular is intended seriously, as there have been many insurance schemes where the cost is higher than in the regular companies. Insurance men are offered 25 percent commission. It is declared that this "attractive item" is offered by the owners of Edwards Plate Glass Company, Chicago's leading automobile glass replacement firm. Along with the policy goes a service card allowing up to \$8.50 of free service if presented with policy at one of the replacement shops of the Edwards Plate Glass Company. The application promises replacement of windshields if scratched by windshield wipers.

Hudson Casualty Appointments

J. Joseph Nash & Son have been appointed general agents for the Hudson Casualty at Syracuse, N. Y. This is an old agency which has been operating for 28 years. It is located in the State Tower building. The Hudson Casualty has also appointed Edward C. Wightman regional agent for Hornell, N. Y.

Name Has Been Changed

The organization formerly known as the Guaranty Liability Company of Cincinnati, specializing in the writing of deferred payment insurance, has changed its name to the Guaranty Liability Agency Company. This company does not write its business direct but through regularly organized insurance companies.

DRIVE-IT-YOURSELF EXPERIENCE DRAWN FROM 80,000,000 MILES ON THE ROAD

ONE accident in 22,500 miles is the record of automobiles rented by the Saunders Drive-It-Yourself System, which has headquarters in Kansas City. The record goes back 13 years and covers 80,000,000 miles of driving, with 2,000 cars now in operation. The record has been kept by Everett C. Wilson, head of the legal department of the system.

The Saunders system carries insurance in the Employers Indemnity of Kansas City for the protection of drivers and their employers with \$5,000-\$10,000 limits on liability and \$1,000 on property damage. The system carries its own collision insurance, but gives the renter what amounts to collision protection with \$15 deductible on Fords and \$25 on other makes. In other words, the renter is liable for damage he causes the rented car up to \$15 on Fords and up to \$25 on other makes. However, the driver is not protected on collision in case of violation of the driving agreement. The system carries its own fire and theft insurance, except that the catastrophe hazard in garages is covered for fire insurance. Losses on the road, either fire or theft, are borne by the system on the theory that it has a suffi-

cient spread to carry the risk. What excess or "contingent" limits on liability and property damage are carried by the system itself is not known.

All Depends on Driver

It is Mr. Wilson's conclusion from his study of the record and close contact with the operations for many years, that the requiring of a driver's permit and properly enforcing its provisions will go a long way in decreasing the number and severity of accidents. The mental and physical condition of drivers is the most important, or perhaps the sole factor in accident frequency, he says. The accident record of the Saunders system is far superior to the average of insured cars and this Mr. Wilson believes is due to the investigation which is made of drivers before cars are rented to them.

Any person who can make the first payment on a car (sometimes as low as \$20) can take it out on the road, practically no other requirement as to his standing or fitness. A drive-it-yourself agency trusts the customer with approximately \$1,000 worth of property and makes at least a slight investigation of his fitness before letting him take it out.

CRITICISMS ON LOS ANGELES

Fire Chief's Claims of Discrimination in Rates Answered by San Francisco Officials

SAN FRANCISCO, Aug. 29.—Claiming that Los Angeles is being discriminated against in the making of fire insurance rates, Fire Chief R. J. Scott of that city has come out in a public statement that insurance rates are altogether too high in view of the city's per capita loss rate. Chief Scott bases his argument on figures recently published by the National Fire Protection Association, which quotes the Los Angeles per capita loss ratio for the five-year period considered by the association at \$1.62, the lowest of 13 cities with a population in excess of 500,000. He compares this rate with the \$6.57 per capita rate of Boston which, he points out in his statement, has approximately the same fire insurance rates as Los Angeles.

Does Not Give True Picture

Company men in San Francisco say that as the N. F. P. A. has taken its figures from the fire departments, the \$1.62 record of Los Angeles is not a true picture of the conditions existing there. They say that in Los Angeles a loss is surveyed by a battalion chief, who makes an estimate of the fire damage. Sometimes the adjuster is consulted, but in most instances the figures given by the officer are considered as final. Cases taken from the records at random showed several where the battalion chief's estimates were materially lower than the actual insurance loss, one showing a difference of \$75,000. Those who contest Chief Scott's argument also point out that the per capita loss of Boston is based on a population of 700,000, while that of Los Angeles is on 1,300,000.

Swayne Comments on Accident Cost

NEW YORK, Aug. 29.—In accepting the chairmanship of the committee sponsoring the 17th annual safety congress to be held in this city early in October, Alfred H. Swayne, vice-president of the General Motors Corporation, told of the great number of accidents suffered by industrial workers throughout the country each year, and of the moral obligation resting upon employers to adopt all possible preventive measures. In 1927, he declared, 95,000 deaths were reported as the result of accidents, and although

not more than one-fourth of the accidents occurred in industrial plants, the loss of working days in the properties totaled 296,000,000, with a net loss in wages of \$827,000,000, plus an additional \$187,000,000 expended for medical bills. Mr. Swayne places the economic loss from accidents annually at not less than \$5,000,000,000.

He is not a failure who has learned to serve.

MONK WILL STAND BY HIS RATE DECISION

MAY LOSE HIS POSITION

Massachusetts Insurance Commissioner in Tight Place on Compulsory Automobile Insurance

BOSTON, Aug. 29.—Notwithstanding the tremendous pressure being brought to bear by the governor and lieutenant governor on Commissioner of Insurance Wesley E. Monk that he continue the compulsory automobile liability rates of 1927 and 1928 under which the casualty companies lost a million and a half in 1927, and not increase the rates as he has tentatively suggested, Commissioner Monk may be expected to issue Saturday new rates which will show a substantial increase over last year and be closely in accord with the tentative rates previously announced.

Some rates which showed the greatest increase may be scaled down as a concession, notably in the metropolitan Boston district, but the remainder of the commissioner's schedule may be expected to stand. The importance of the commissioner's decision to stand by his firm conviction that the companies are entitled to an increase notwithstanding disfavor among the public and particularly among candidates for office in the coming election cannot be underestimated.

It may mean the loss of his office by the present commissioner of insurance of Massachusetts. It may be said that the commissioner himself anticipates such an outcome, and such action has been publicly referred to in the daily press.

Very much of the controversy has related to the mixing of property damage claims with liability claims.

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COMPULSORY COVER IS CONDEMNED BY LOTT

(CONTINUED FROM PAGE 33)

the injured persons without fault, from which it is to be inferred that approximately 66 percent of all the victims of automobile accidents are themselves more or less to blame and, therefore, legally entitled to no damages.

Accidents Are Increasing

"According to a recent report by the New York department of health, 446 persons (of whom 307 were pedestrians) were killed in motor accidents in that State in the three months ended March 31, 1928, this being 103—or 30 percent—more than in the corresponding period of 1927.

"According to figures published by the Chamber of Commerce of the United States, the number of people injured in automobile accidents in Massachusetts increased from 25,331, in 1926, before compulsory insurance, to 31,721, in 1927, under compulsory insurance, while the number of fatalities also increased from 681 in 1926 to 698 in 1927; and these increases resulted in spite of a decrease, in the same period, of 9,316 in the number of motor vehicles registered.

"Moreover, later results are yet worse. According to a bulletin issued jointly by the Boston Chamber of Commerce, the Boston Automobile Club and the Massachusetts Safety Council, reports to the Boston Police Department show 43 persons killed and 1,694 injured in the first five months of 1928, compared with 36 killed and 1,393 injured in the

same months of 1927—an increase of some 21 percent.

"Evidently, compulsory liability insurance will never give much satisfaction—besides which, in the Massachusetts form, it has many drawbacks, including the demoralization of insurance and the promotion of automobile damage suit litigation. Neither, I fear, is sufficient public satisfaction to be anticipated from the 'Stone Plan' now embodied in the New Hampshire law, nor from the plan of the Connecticut law, now followed with variations, in the laws of Maine, Vermont, Rhode Island and Minnesota, although in my opinion, each of these two plans—in strong contrast to the Massachusetts plan—would do much good and no harm.

"What, then, is the solution of the problem? To find a solution we should first study the problem itself. The evil that compulsory liability insurance is intended to remedy is the prevalence of automobile drivers who are both reckless or incapable and financially irresponsible—those drivers who run down pedestrians and other automobiles and who are unable to pay for, or are able to evade paying for, the damages they inflict. Such being the evil, the true remedy should be aimed at the reformation or elimination of such drivers. Compulsory insurance (in the Massachusetts form at least) does not do that. It isn't aimed at drivers at all. By compelling insurance carriers to assume the financial responsibility of owners for the operation of their automobiles by 'any old drivers,' the Massachusetts law to some extent does just the opposite of what should be done.

"The legislative measure that does hit the mark, is the so-called 'Pennsylvania Plan.' That measure provides, in substance, that no person against whom there is an unstayed and unsatisfied judgment for damages for personal injury arising out of an automobile accident shall be permitted to operate or register any motor vehicle. In other words, it says to every motorist: Pay for the damages you cause or you may no longer enjoy the privilege of being a motorist.

"Such a measure would not be a panacea. It would not immediately work wonders. But the fact that it holds out no such delusive promises is really a point in its favor, since, in order to truly progress, we must quit looking for panaceas and chasing rainbow-ends. And the following most valuable results this measure would accomplish:

"In the first place it would 'put teeth' in judgments for damages for automo-

bile injuries, with the consequence that a large proportion of such judgments, uncollectible under present conditions, would become collectible, since a large majority of the judgment debtors would then do their utmost to pay up, whereas under present conditions they do their utmost to evade payment.

"In the second place, it would make financially irresponsible automobile drivers and owners more careful (generally much more careful (generally much careful), thereby tending strongly to accident prevention.

"And, in the third place, it would progressively bar from the highways those automobile drivers and owners who are both careless or incapable and financially irresponsible, thereby tending both to reduce accidents and to reduce the number of injuries for which damages cannot be collected.

"Bills to enact this 'Pennsylvania Plan' have been passed by legislatures in two states but vetoed in each case—in Pennsylvania because deemed to be in conflict with a peculiar provision of the constitution of that state, and in New York (as I am informed) because of the governor's opinion that the bill was too severe, in that it put no limit on the amount of the judgment that a poor motorist would have to pay in full or forever lose the right to operate a car—a right, perhaps, essential to his livelihood. The ground for the Pennsylvania veto, however, would apply to this measure in few, if any, other states, and the ground for the New York veto is an objection that can be avoided by a minor amendment in detail. The committee of nine, as you probably know, strongly recommends this measure; and I would urge you to use your best efforts to secure its adoption."

NEW YORK COMPENSATION AWARDS SHOW DECREASE

NEW YORK, Aug. 29.—Compensation awards during the year ending June 30 decreased 5,000 or 5.5 percent in New York, according to a report issued this week by the state department of labor. In that fiscal year compensation was awarded for 1,129 deaths and injuries to 93,565 persons in industrial accidents. The total spent for compensation was \$28,000,000. Figured on a time basis, the state lost the services of 45,000 men and women for an entire year. About half the total paid out went to workers total and partially disabled, the distribution being as follows: To beneficiaries, \$7,337,641; total and permanent injuries, \$764,491; permanent and partial, \$13,193,522; temporarily injured, \$6,708,421.

NEGLIGENT DRIVING POLICY DOES NOT COVER ASSAULT

That a policy covering loss for negligent driving does not cover loss caused by assault by the insured's driver on another party was held in Commonwealth Casualty vs. Headers, Supreme Court of Ohio, 161 N. E. 278. The driver of the insured's car engaged in an altercation with a passenger which resulted in a fight and consequent injury to the passenger. The passenger brought suit against the insured and when the company was notified of this action it declined to defend the case on the grounds that the policy did not cover the injury received. Trial in the lower court resulted in a verdict for the insured, but \$644 attorney's fees were paid. The insured tried to collect these from the company and the lower court gave them a judgment. The higher court reversed the judgment and said that the damages arose from a cause which was not covered by the terms of the insurance policy.

Indemnity Appointments

The New York Indemnity announces the following general agency appointments: Wallace & Co., Springfield, O.; Karshner Insurance Agency, Columbus, O.; Bert Taylor, Portland, Ore.

POLITICS NOW SEEN IN RATE QUESTION

(CONTINUED FROM PAGE 33)

bear on the commissioner to allow the old rates to stand for 1929 and thus throw upon the companies the burden of making the fight for higher rates by themselves going into the courts. In such a situation it is most likely that a number of the leading companies would withdraw from the state and it is probable that a number of the new companies which have sprung up to handle the business would find it unwise to continue longer in the state. There are a few companies which started out early with an avowed intention of taking as little metropolitan Boston business as possible which have had a profitable automobile experience to date, but under such a contingency the outlook in the future would be bad for them as they would be forced to accept a larger share of the unfavorable business.

CAN NOT DENY LIABILITY ON VIOLATION OF LAW GROUNDS

Liability can not be denied by the insurer on an automobile public liability policy on the grounds that the accident was caused by a violation of the law by the policyholder. In the case of Security Underwriters vs. Rousch Motor Company, Appellate Court of Indiana, 161 N. E. 569, a policy was taken out covering the operation of an automobile used as a wrecking car. In using the car to rescue another car that was mired along the side of the highway, a cable was stretched across the road. Another car collided with the cable, resulting in injury to the owner, who later secured judgment against the plaintiff. When the plaintiff sought to recover against the insurer company on its policy the latter denied liability. In affirming the judgment of the lower court for the plaintiff against the company the higher court said there are so many regulations on the operation of an automobile in the statute that liability from an accident seldom, if ever, occurs without fault that is also a crime. It would be unreasonable not to hold the insurer liable for the property damage unless indemnification therefor was excluded by the terms of the policy. The court said the case was not one where the insured was seeking to recover damages resulting to him by reason of a violation of a criminal statute, as the contract was perfectly legal and did not purport to indemnify against damages growing out of the violation of law.

Starts to Write Burglary

On Sept. 4 the Hudson Casualty of Jersey City will officially begin to write burglary business. The company has added to its staff John H. Dravis, Jr., as manager of the burglary and plate glass departments and on that date he will assume charge of development of the new line. Mr. Dravis was formerly connected with the underwriting and inspection departments of the New Jersey Fidelity & Plate Glass and the Globe Indemnity and for the past five years has been special agent and assistant superintendent of the burglary department of the Metropolitan Casualty.

H. J. Hook Dies

BOSTON, Aug. 29.—Harlan J. Hook, one of the most promising and popular members of the Boston office staff of the Century Indemnity, died suddenly last Sunday following an operation for appendicitis. The past two years Mr. Hook had successively won second prizes in the Boston Library Association casualty examinations for the Insurance Institute of America, the second and first places the present year being less than a point apart.

The National Surety has declared a quarterly dividend of 2½ percent, payable to stockholders of record Sept. 18.

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